Daily Report

Latin America

FBIS-LAT-96-015
Tuesday
23 January 1996

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FBIS-LAT-96-015 *23 January 1996*

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Cuba

Cuba Wants Stronger UN Conference on Trade, Development

PA2301012296 Havana PRENSA LATINA in Spanish 2054 GMT 19 Jan 96

[FBIS Translated Text] Caracas, 19 Jan (PL) — Orlando Hernandez, Cuban vice foreign trade minister, said today that reaffirming, supporting, and revitalizing the UN Conference on Trade and Development's [UNCTAD] role within a new international context is a fundamental objective for the region.

Hernandez, chief of his country's delegation to the meeting to prepare for the ninth UNCTAD assembly, told PRENSA LATINA that the organization, as a forum for world discussion on development, undoubtedly has its own room for action to promote the negotiating capability of the Latin American and Caribbean countries.

The official participated in the ministerial session of the regional meeting for consultation and discussion, held at the seat of the permanent secretariat of the Latin American Economic System (SELA). The ninth UNCTAD assembly will be held in South Africa next April.

Latin America and the Caribbean must take a hard look at the gap that separates them from the developed world and note the bitter reality that the economic growth achieved by some countries has not been enough to cover the basic needs of our countries, he added.

He said poverty, lack of culture, poor living conditions, health problems, and unemployment continue to adversely affect not only Africa and parts of Asia but also Latin America and the Caribbean.

The UNCTAD currently is the main economic forum at the United Nations aimed at dealing with contemporary and universal topics from the development point of view, the Cuban vice minister said.

Hernandez discussed the political importance of maintaining the spirit of unity and cohesion during the UNCTAD's preparatory meeting with the purpose of not only defending the vital interests of the region as far as the complex problems of world development are concerned but also "to achieve an active and fruitful participation of developing countries that are members of the Group of 77."

Hernandez pointed out that developing countries continue to be subjected to subtle trade barriers that obstruct their products' access to international markets.

As for Cuba, Hernandez pointed to the 35-year-old economic and financial blockade of the island. This blockade is a "unilateral and extraterritorial coercive measure that is contrary to the principles and norms that prevail in international relations and trade." The increasing rejection of this blockade by the international community was the subject for the fourth consecutive time of a UN General Assembly resolution.

Also participating in the Cuban delegation to the regional meeting were: Ernesto Marziota, director of international organizations of the Cuban Foreign Trade Ministry, member of the Latin American Regional Group in Geneva, and specialists Mirtha Hormilla and Efren Morales.

The three-day meeting was attended by ministers, experts, and ambassadors of the 27 member-countries of SELA, the highest-level authorities of the UNCTAD, representatives of regional and multilateral organizations, and representatives of Romania and South Africa.

Cuban Foreign Minister Praises Canada on Blockade Position

PA2201130496 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has said in Havana that Canada has sent a clear and independent foreign policy signal in ordering its enterprises to disregard the U.S. blockade of Cuba. Robaina made these remarks after meeting Huguette Labelle, chairman of the Canadian Agency for International Development. As for the significance and possible impact of the Ottawa government's recent decision, the Cuban foreign minister said that this proves that statements and actions actually agree. Mexico, one of Havana's main trading partners, has also decided to do this.

Canadian Agency President on Cuban Cooperation Programs

PA2301000296 Havana Radio Havana Cuba in Spanish 1300 GMT 21 Jan 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Hugette Lavelle, president of the Canadian International Development Agency, in Havana stated her willingness to expand and expedite the agency's economic cooperation programs with Cuba.

Asked about the sectors that will benefit from Canadian cooperation in the immediate future, the official pointed to the financial and economic reforms Cuban authorities have encouraged and also termed the education and public health sectors as important.

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In statements to the press, the head of this main Canadian financial institution reiterated her satisfaction with the firsthand information obtained during two days of talks with several Cuban ministers.

During each of her meetings, Lavelle was able to collect information on the country's most pressing needs and how the agency can cooperate.

The president of the Canadian International Development Agency will be concluding her four-day official visit to Cuba invited by the Foreign Investment and Economic Cooperation Ministry.

Cuban Report Notes Cooperation in Nuclear Technology

PA2301004096 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jan 96

[Report by Beatriz Padron from the "Evening Information Review" newscast]

[FBIS Translated Text] [Padron] Concerning nuclear energy, which also [words indistinct] use of nuclear technology for peaceful purposes, there is cooperation among the countries and between them and the regulatory institution in this field; that is, the International Atomic Energy Agency [IAEA]. As for Cuba, this cooperation has been diversified into multiple areas, and there is frequent exchange of [word indistinct] and programs included in the [words indistinct] of the IAEA with the Latin American nations:

[Begin IAEA official recording] My name is [word indistinct]. I am an Argentine working for the IAEA. There is no technology in the world that has involved more international cooperation than nuclear technology. The organization has [words indistinct] in this area to assist and cooperate with member countries, and Cuba is obviously among them.

There are a number of technical cooperation projects that have been carried out; they are approved and implemented as normal activities every year and always by request of the interested country. In other words, the agency does not offer to help a country unless that country asks it to help. [end recording]

[Padron] Dario Gandarias, of the Cuban Nuclear Energy Agency, gave the Cuban view on this matter:

[Begin Gandarias recording] There is great tradition, a tradition of many years, in this area in Cuba. There are even regional courses in Latin America. There was [words indistinct] at the cancer hospital in Havana not long ago attended by people of various countries of the region. In general, there has been a broad exchange in the area of nuclear technology, historically speaking. We have maintained contacts with virtually all countries of the region regarding the application of nuclear technology to medicine. In other words, there is broad exchange in Latin America because there are cooperation agreements on the application of nuclear technology. There are courses, exchanges of specialists, and so on.

Also through the IAEA headquartered in Vienna, we are involved in technical assistance and cooperation projects through which we receive equipment, advice, and scholarships for [words indistinct], and Cuba is increasingly hosting events including those sponsored by the IAEA [words indistinct] the regional cooperation with Latin America as the one I mentioned.

We will hold a regional event this year at the Higher Institute of Nuclear Science and Technology on the application of radio isotopes for industry, a field which I have not yet talked about [words indistinct] density and level measurements can be made. All these things lead to [words indistinct]. [end recording]]

Cuban Officials, Experts Evaluate Plans To Join Internet

PA2201154196 Havana PRENSA LATINA in Spanish 2239 GMT 18 Jan 96

[FBIS Translated Text] Havana, 17 Jan (PL) — It was revealed today in a meeting that Cuba expects to join the Internet in a few months and is working intensively on measures to regulate the service in Cuba.

Officials and specialists embarked on that issue while evaluating the work done last year by the Information Agency for Development, which is in charge of technically administering access to the famous information "superhighway" and of assuring that the "island's scientific potential is well-represented," they said.

"We must learn how to use the resources and benefits of Internet, reducing its risks and disadvantages as much as possible," Dr. Rosa Elena Simeon, minister of science, technology, and environment (CITMA) said, after she mentioned some of Internet's negative aspects for underdeveloped nations.

"Developed nations take advantage of Internet to introduce points of view that are detrimental to our countries' cultural and ethical values," the minister pointed out. She also spoke of the need to elaborate an editorial policy capable of properly presenting Cuban scientific achievements.

The Information Agency for Development is one of four CITMA agencies and, according to its president, Osvaldo Bebelagua, in 1996 it should finish drafting a

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policy regarding specialized information "that will allow a more efficient use of that important resource for the development of the country."

Among CITMA's specialized agencies is the Institute for Scientific and Technical Information Institute. One of its divisions, the Center for Automatic Exchange of Information (CENAIA), will be in charge of developing the information networks that will facilitate the world's access to Cuba.

From 9 to 11 May, CENIAI will celebrate the 1st National Tele-Information [Telematica] Congress "Ariadna 96," aimed at the assimilation of Internet services and other experiences in network interconnection technology, including, among other subjects, the administration and security of these networks.

According to CENIAI Director Engineer Jesus Martinez, the regulations regarding connection and information security are being drafted as part of the regulatory measures to allow Cuban institutions access to the "information superhighway." The likelihood of its use by individuals is not yet foreseen.

Report Notes Potential for Cuban Hydroelectric Plants

PA2201233496 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 21 Jan 96

[Report by Maria del Carmen Diaz from the "NTV" newscast]

[FBIS Translated Text] Santiago de Cuba Province has a large potential for hydroelectric plants south of Sierra Maestra, Cuba's main mountain range. Specialized studies guarantee that more than 270 sites are promising for hydroelectric power production.

Twenty-two mini-hydroelectric plants are operating in Santiago de Cuba. Most of these plants are located in the municipality of Guama south of Sierra Maestra, which has the largest potential for hydroelectric power production in this province.

Prospects are promising for 1996 despite scarce resources. Ten hydroelectric plants will be either rehabilitated or built; this includes the conclusion of the first phase of small plants in Loma de la Cruz and Carlos Manuel de Cespedes Dam, which will generate 160 and 1,500 kilowatts respectively.

Financial difficulties imposed by the special period have prevented the acceleration of this program, which requires investment for its development, said (Jeronimo Ceisneros), deputy provincial director for hydraulic resources, who has underscored the solidarity of international friends and nongovernmental organizations. Their donation of $60,000 has made it possible to finish the construction of three mini-hydroelectric plants in Guama.

Besides saving fuel, these plants now supply power all day long to communities, some of which previously had no power or had a very limited power supply from diesel plants.

Cuban Drinking Water Project Being Constructed in Las Tunas

PA2301000496 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 21 Jan 96

[Report by Rafaela Balanza from the "NTV" newscast]

[FBIS Translated Text] A drinking water project valued at 8.5 million pesos, one of the largest social projects in Cuba's history, is being constructed in the city of Las Tunas. To give you an idea, let us mention that the city of Las Tunas has a water supply of 340 liters per second. Once this project is completed by late 1997, the water supply in Las Tunas will increase to 1,000 liters per second.

Five basic works will be constructed: A pumping station at El Rincon Dam with a 21 million cubic meter capacity; an 11.7 km conduit; a drinking water treatment plant; two water tanks; and a main connector.

Contractors from the Baragua Protest Contingent, the Fifth Hydrology Brigade, and dredging personnel from the Construction Ministry are responsible for executing this project:

[Begin unidentified speaker recording] This project will be constructed within a one and a half year period. Comrade Jose Ramon Machado Ventura visited Las Tunas a few days ago and asked this province to put forth a special effort in order to at least finish this drinking water treatment plant by December 1996. [end recording]

The drinking water project in Las Tunas includes the study on enlarging and refilling the underground water basin of La Cana, this city's main water supply.

Cuban Government Affirms No Cholera Detected

PA2301030996 Havana PRENSA LATINA in Spanish 1603 GMT 21 Jan 96

[FBIS Translated Text] Havana, 21 Jan (PL) — The Cuban Government today affirmed that not one single case of cholera has been detected and that the hospital surveillance organizations "are conducting a rigorous epidemiological surveillance to detect symptoms of the disease."

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According to a report the newspaper JUVENTUD REBELDE published on Sunday, the statement Public Health Minister Carlos Dotres made contradicted certain rumors about a cholera outbreak in the Caribbean territory.

Statistics from the Epidemiology Directorate of this ministry indicate there is an increase in the number of respiratory ailments at this time of the year. These ailments include viral conditions linked to the digestive tract that have nothing to do with cholera."

The weekly report added that cases of diarrhea are very common in the country (one out of every 10 Cubans suffers from it), according to specialists.

As a result of the pandemic outbreak, which numerous Latin American nations have reported, the Cuban Public Health Ministry has taken measures to ensure that the vibrio will not enter the country and will be isolated as soon as possible if it does.

Cuban Domestic Trade Ministry Reports Trade Revival

PA2301002496 Havana PRENSA LATINA in Spanish 2354 GMT 19 Jan 96

[FBIS Translated Text] Havana, 19 Jan (PL) — The Cuban Domestic Trade Ministry confirmed today that the state's domestic trade sector is being revived after five years of economic crisis, with the recently authorized self-employed workers sector making progress.

Domestic Trade Minister Barbara Castillo pointed out that this ministry will work within new guidelines to revive domestic trade and the food industry as much as possible without encouraging false hope.

Castillo said: "The state enterprise should play an important role in this area."

AIN reports that some of the main guidelines for the Domestic Trade Ministry's work include product quality, workers' motivation to improve professionalism, and the elimination of the flaws that affect management in this sector.

Over the past five years, the economic crisis has greatly reduced the supply of goods and services for the chain of national stores and the food industry. Therefore, the amounts of goods and services that are available to the Cuban population are critically low.

In fact, the devaluation of the Cuban currency — which was exchanged at 120-150 pesos per dollar in 1993 in comparison to 25 pesos per dollar today — as well as domestic financial deficits during that time were secondary results of the state's inability to maintain the necessary material support for trade and services under those circumstances.

Roundup of Cuban Economic Developments Through 22 Jan

PA2301041796

[FBIS Report] The following is a compilation of reports on Cuban economic developments monitored through 22 January.

Cuba reaped 97 million pesos in taxes from self-employed workers in 1995. The director of the National Tax Administration Office has reported that tax collection increased every month last year and that it is expected that in 1996, this revenue will be approximately 135 million pesos. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 13 Jan 96)

Villa Clara Province has met its coffee harvest goal of 154,610 cans in record time, with all of the coffee being top quality. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 13 Jan 96)

EU donations are already arriving in Santiago de Cuba Province, including 51 metric tons of vegetable oil, powdered milk, and lentils. Doctors of the World is one of three nongovernment organizations within the EU that will deliver humanitarian aid valued at $20 million to Cuba this year. Dr. Manuel Dias, Doctors of the World representative, said Cuba makes very good use of the donations. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 13 Jan 96)

Several service and production sectors have predicted increases in 1996. It has been said that telephone lines will be increased to 1,250,000. The $1.5 billion investment by Cuban Telecommunications Enterprise, Inc. is going well. The objective is to modernize, expand, and perfect telecommunications on the island. Marble production is expected to increase between 15 and 20 percent compared to 1995. (Havana Radio Havana Cuba in Spanish 0000 GMT 16 Jan 96)

Sugarcane cutting began today in four Las Tunas Province sugar mills. Preparations were ready two days ahead of schedule, and there is every indication there will be an efficient harvest there. In Camaguey Province, the sugar harvest process is recovering but some sugarmills do not have yet all the resources they need. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 16 Jan 96)

Production of honey, wax, propolis, pollen, and bee venom marked the kickoff of Cuba's apiculture industry in 1995. GRANMA reports that this industry produced more than 5,522 metric tons of product last year.

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(Havana PRENSA LATINA in Spanish 1503 GMT 18 Jan 96; datelined Havana)

Matanzas Province's Mario Munoz sugar mill industrial automation center is one of Cuba's most efficient centers, beginning its milling process two days ahead of schedule. Rains will delay the milling process. The administrators are sure that the mill's goals will be met. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 18 Jan 96)

Santiago de Cuba Province's Jose Merceron cement factory has joined national efforts to increase cement production. The goal is to increase production by 31 percent. The factory's objective is 131,000 metric tons, but the administrator believes that more can be produced using the fuel assigned to the factory for production purposes. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 18 Jan 96)

Holguin Province collected more than $25 million in tourism operations in 1995. There are more than 35 flights with people from some 30 countries every week to the province. A new airport is scheduled to be completed in July. (Havana Radio Rebelde Network in Spanish 1800 GMT 19 Jan 96)

Arnaldo Molina, Cuba's consul in the Mexican state of Yucatan, has reported that that state's exports to Cuba doubled in 1995. Molina reported at a news conference that the number of Yucatan State enterprises having commercial links with the island has increased from 10 in 1994 to 30 in 1995. (Havana Radio Havana Cuba in Spanish 0000 GMT 19 Jan 96)

Cuba is preparing to produce spare parts for export. This would provide a significant amount of resources to finance the production of items needed by the domestic market. The spare parts sector was one of the sectors hardest hit by the crisis. Cuba has 72,000 workers in this industry, including 8,000 university professionals. (Havana Radio Havana Cuba in Spanish 0000 GMT 20 Jan 96)

Tourism Minister Osmany Cienfuegos has affirmed that this year the island will receive at least 900,000 foreign tourists. At the 39th Congress of the National Union of French Travel Agents, in Havana, Cienfuegos said that tourism had much to do with Cuba's discrete economic progress last year, tourism being the only sector that during the adverse 1991-1995 period exhibited a growth rate, thus encouraging other sectors of the economy. (Havana Radio Havana Cuba in Spanish 1300 GMT 21 Jan 96)

Interest in planting tobacco in Granma Province is rising. The decision to grant to individual farmers all the land dedicated to the cultivation of tobacco will allow the province to produce enough tobacco for its local cigar and cigarette factories. Small farms will produce 22,000 quintals of tobacco this year, 12,000 more than in 1995 and 16,000 more than in 1994. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 20 Jan 96)

Haiti

Haitian President Visits People of Cite Soleil on 19 Jan

PA2301050596 Port-au-Prince Radio Nationale in Creole 1400 GMT 22 Jan 96

[Report by Frantz Louiseize — passages within quotation marks are recorded]

[FBIS Translated Excerpt] President Jean-Bertrand Aristide visited the neighborhood of Cite Soleil on 19 January to establish a type of appeasement with the residents of this area. The visit took place on 19 January in order to converse with the people following certain incidents that have happened between national policemen and groups of armed civilians in the area.

The head of state talked to the people of Cite Soleil about several issues, such as justice, insecurity, and agreement between the groups in opposition. On the disarmament issue, President Aristide applauded the behavior of certain policemen who have respected the instructions he has given regarding the latest incidents. Let us listen to a report by Frantz Louiseize on that score.

[Louiseize] A few days after the Cite Soleil incidents in which one person died and several others were injured, the president of the Republic, Jean-Bertrand Aristide, visited the area on 19 January. Aristide talked to the people of Cite Soleil about justice and security. In a frank dialogue, a representative of the group that is accused of being the Red Army, the group that is sowing panic in the area, explained to the head of state the reasons that prompted them to react against the National Police. The group agreed to make peace with the policemen

[First unidentified speaker] "Here in Cite Soleil, our problem is that the policemen do not respect our rights; that is, they prefer to act as in the past, the way de facto people used to react by walking into the area, arresting us, and manhandling us for no reasons." [passage omitted]

[Louiseize] A policeman who was speaking talked about reconciliation with the bandits in Cite Soleil. He said the bandits must give up their weapons before any form of reconciliation:

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[Second unidentified speaker] "You have asked us to reconcile with the people who are giving us problems. We do not have problems with that request at all, because we are here today to serve and to protect the people; this is why we are here, but how can you ask us to reconcile with those people when they have big tanks, 9mm guns, and other heavy weapons in their homes? Do they agree to give up the weapons? We will then be able to reconcile with them."

[Louiseize] The head of state asked for peace in Cite Soleil and invited the people of this area to work jointly with the policemen to fight the ones taking advantage of the other two quarreling parties.

President Aristide accepted to assume responsibilities for what happened to all the victims of the latest events. The head of state congratulated the leader of the National Police for the intelligence they demonstrated during the unfolding of last week's events. He congratulated the policemen as well as the people of Cite Soleil for the abundance of intelligence and understanding they demonstrated, given the manner in which the dialogue went on today:

[Aristide] "I am congratulating you for the abundance of the words you shared, and I am saying in advance that there is hope for peace in Cite Soleil and that there will be more peace in it, because we are on the right track.

"Today's meeting will be followed up next week at the National Palace. This [words indistinct] meeting will allow us to talk about even more subjects we are not obligated to disclose here behind the microphone. It will make us look for solutions to a series of key problems requiring us not to look at them without doing what is necessary.

"Once again, thank you for your patience, your understanding, and for the sharing you have made.

"Meanwhile, I am ordering the policemen to respect you when they are with you, and I am ordering you to respect the policemen when you are with them. If a policeman insults you, I give the justice minister, the general manager, and all other officials the same order; that is, to put order where there is disorder. In your case, if a mistake occurs—there are mistakes sometimes; listen to me well; there are mistakes sometimes—call me instead of resolving the problem by yourselves, tell me about it. I will have you come to me, or, if necessary, I will come to see you. You see that I have come to you today. It is my pleasure to show the others that we can take up this challenge and have peace established in Cite Soleil."

[Louiseize] The people of Cite Soleil, especially those whose homes were burned, also took the opportunity to present some of their demands to the president. [passage omitted]

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Mexico's Zedillo on Expanding Trade Ties With Europe

MS1901112296 London FINANCIAL TIMES in English 19 Jan 96 p 3

[Report by Leslie Crawford incorporating interview with Mexican President Zedillo; in Mexico City, date not given: "Zedillo To Seek Closer EU Ties"]

[FBIS Transcribed Text] President Ernesto Zedillo of Mexico begins his first state visit to Europe next week with a mission to restore his country's tarnished reputation abroad and advance plans to negotiate a free trade agreement with the European Union.

Political assassinations, a peasant guerrilla uprising and a bruising devaluation three weeks after Mr Zedillo took office in December 1994 triggered an exodus of foreign investors which led Mexico to the brink of default a year ago.

"I have been a president who has had to deal with exceptionally difficult circumstances, which required exceptionally difficult decisions, many of them unpopular in the short term," Mr Zedillo said in an interview.

However, the president said he believed the most painful part of Mexico's adjustment to capital flight had been undertaken in 1995, a year in which the economy contracted by 7 per cent, and that Mexico was now ready to resume growth.

"I want a closer relationship with Europe," Mr Zedillo, a 44-year-old former central banker, said. He would like to see more European companies locating in Mexico, which offers its proximity to the US market and membership of the North American Free Trade Agreement.

He said Mexico would like to sign a similar treaty with the EU, and was waiting for Brussels to work out guidelines for negotiations. His European trip will take him to Spain, the UK and Italy.

He will also attend the international business summit in Davos, Switzerland.

At home, Mr Zedillo has had to fend off criticism against the harshness of his economic program, and for adopting a hands-off presidential style which has cast Mexican politics adrift.

"If I knew of an economic program that yielded better results in reducing unemployment and inflation, and restoring financial health, I would adopt it," he said. "But I am convinced the present policies will create jobs, bring about a recovery in real incomes, and attract new financial resources."

Congressmen of the ruling Institutional Revolutionary Party (PRI), worried about their sinking electoral prospects, last week handed a weighty policy document to their leaders demanding that the government abandon its "neo—liberal" economic policies.

The PRI deputies warned that unless the government could engineer a dramatic economic turnaround this year, they risked losing control of the National Congress in the 1997 mid-term elections.

Mr Zedillo said that he would resist political pressures to adopt a more expansionist economic program for Mexico.

He refused to discuss the possibility of having to govern with an opposition Congress, which the PRI has dominated since 1929. "No politician enters an election thinking he might lose," he said.

Mexicans, he said, were gradually accepting his handling of the presidency, which sought to curb authoritarian excesses of the past. He was working to achieve a better balance between the different branches of government, and had no wish to meddle in party political affairs — much to the consternation of some PRI politicians.

Mr Zedillo said he wanted political parties to hammer out new rules for electoral reform by themselves.

He studiously avoided interfering in state elections last year. When the time came to choose the next PRI presidential candidate, for elections due in the year 2000, Mr Zedillo said he would not exercise the traditional right of Mexican presidents to pick a successor.

"I will not choose my successor," Mr Zedillo said. "I am not a king, much less a high priest. I am the constitutional president of Mexico. And that is enough."

Zedillo Justifies Mexican Drug Trafficker's Extradition

BR2201150496 Madrid ABC in Spanish 20 Jan 96 p 45

[Interview with Mexican President Zedillo by Torcuato Tena Benjumea in Mexico City; date not given: "Zedillo: If We Had Not Expelled Garcia Abrego, We Would Now Have Been Accused of Cover-Up" — first two paragraphs are ABC introduction]

[FBIS Translated Text] Mexico City — Drug trafficker Juan Garcia Abrego, expelled from Mexico and sent to the United States (Houston, Texas), where he is in the FBI's custody, has begun to prepare with his lawyer his defense against the 26 criminal charges brought against him, including the distribution of dozens of metric tons of cocaine on U.S. territory.

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According to Roberto Yzaguirre, his lawyer, the Gulf Cartel leader will declare himself innocent of all the charges. In the meantime, Mexican President Ernesto Zedillo has agreed to give ABC his impressions about this case, countering the various rumors circulating in the Mexican capital.

[Benjumea] Mr. President, although you have already stated that responsibility for the case of Juan Garcia Abrego's arrest rests with the State Attorney's Office and the Foreign Ministry, there has been no end to the reports and rumors which seem to call its legality into question or, in other cases, seek to suggest that his expulsion to the United States was forced by U.S. pressure and helped by the decision that Abrego could make statements which might implicate many people in the Mexican police. What is your stance on all this?

[Zedillo] I believe that it is worthwhile to repeat some points. The first thing is that there is an unchanging and unavoidable commitment on my government's part to enforce the rule-of-law state. We are doing so, admittedly with a system of justice which we must improve because — like all systems of justice — it has some shortcomings but, despite these circumstances, we will not rest in that aim of enforcing the law.

[Benjumea] What about Garcia Abrego's expulsion?

[Zedillo] In the first place, the guy is not Mexican, and, exercising specific powers which the Constitution of the Republic gives the Federal Government, we decided to deport him to face the justice of his country of origin. We are confident that justice will be done. We have other major drug traffickers whom we hope to arrest and whom we will be unable to deport because they are Mexicans, and we will have to judge them in our country severely and with the full weight of the law. We have taken the view that this decision was in the national interest.

[Benjumea] What is your opinion on the attacks suffered by public opinion?

[Zedillo] I believe that it is very important to respond to some insinuations which we have seen in some media to the effect that he was expelled to prevent him from saying certain things. Well, our argument is completely the opposite, since, if he had stayed in Mexico and not said the things which some people would like to hear, then I am certain that the Mexican Government would have been accused of a cover-up and of concealing information. I believe that that excuse ended when he was expelled. I do not believe that the U.S. authorities have any interest in concealing information, and that is the best proof that we have nothing to hide, and if this gentleman has hitherto unknown accomplices in his illegal activities, our greatest desire is that this be made public so that we can act against those accomplices.

Mexican Trial Lawyers Support Garcia Abrego Extradition

PA2001201896 Mexico City NOTIMEX in Spanish 2140 GMT 19 Jan 96

[FBIS Translated Text] Mexico City, 19 Jan (NOTIMEX) — The Association of Trial Lawyers of Mexico expressed its support for Mexican President Ernesto Zedillo's fight against drug traffickers and for his decision to expel drug trafficker Juan Garcia Abrego to the United States, which was "in keeping with the law."

In a pamphlet published on Friday, 19 January, by the local media, the lawyers pointed out that the action against Abrego, who was arrested last Sunday, 14 January, in the northern city of Monterrey, Nuevo Leon, is based on Article 33 of the Mexican Constitution.

The association described the arrest of Garcia Abrego, age 51, one of the leading cocaine exporters to the United States, as a "victory for our authorities against organized crime, which is hurting our social coexistence and institutions."

The executive branch has the power "to immediately expel from the national territory, without the need for a trial, any foreigner whose stay may be deemed inadvisable," the lawyers said.

They said the application of the aforementioned article of the Constitution on Garcia Abrego "undoubtedly strengthens our state of law and confirms that the authorities are fighting to make sure the law prevails in our nation."

Salvador Valencia Carmona, general director of the Political Development of the Government Secretariat, said the action against the drug trafficker is properly based on Mexican law.

During the opening of the Forum on Indian Rights and Participation held in Villahermosa, Tabasco, the official said Garcia Abrego's deportation was based on the Constitution, which allows for these types of decisions.

He explained that the constitutional article clearly establishes that the executive branch has the power to deport foreigners whose presence in the country is inadvisable, which is something that cannot be doubted in the case of the alleged drug trafficker who was arrested.

As for the internal political situation in the country, the federal official pointed out, "the country is currently experiencing a political awakening, in which parties are increasingly participating with greater strength."

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Mexican Drug Trafficker's Extradition Draws Reaction

PA2101023596 Mexico City LA JORNADA in Spanish 17 Jan 96 p 8

[Report by Georgina Saldierna, Jesus Aranda, Ciro Perez Silva, and Triunfo Elizalde]

[FBIS Translated Text] Jose Luis Soberanes, director of the Institute of Judicial Investigations at the National Autonomous University of Mexico, has said that the "speedy extradition of drug trafficker Juan Garcia Abrego did not take place within the legal framework and that, in fact, Article No. 21 of the Penal Code was violated." Article No. 21 establishes the exclusive faculty of the judicial authority to pursue crimes.

Meanwhile, sources of the Nation's Supreme Court of Justice (SCJN) have stated that this action has violated the separation of powers as well as the current Extradition Treaty with the United States. They added that with this presidential decision, the crimes for which the Mexican judicial system began four inquiries against the capo will go unpunished, his assets will not be confiscated, nor will his accomplices be apprehended, because no legal process against him was conducted. They have said that "state reasons are behind this action" and that national sovereignty has been "trampled."

"We are the gofers of the United States," they have said in a sullen tone, because the government has turned in a man who had pending actions with Mexican justice and whom had been pursued for more than 10 years.

The Mexican Human Rights Academy, the National Association of Democratic Lawyers, the Miguel Agustin Center for Human Rights, and the Mexican Front for Human Rights have condemned the "legalistic" manner in which Garcia Abrego was extradited.

Jose Luis Soberanes has said the drug trafficker should have been tried in Mexico for the crimes committed in the country. The Zedillo administration has stated that the specialist should "at least" wait for the United States to file an extradition action, as Mexico did in the case of Mario Ruiz Massieu. Once again, politics have prevailed over the law, he has said.

The SCJN sources have emphasized that what made things worse is that after Washington requested the extradition of Garcia Abrego, the legal procedure it should have followed was to formally start the extradition process and to reiterate its request in 30 days.

They have said the independence of the federation's judicial branch was questioned, because if there were four arrest warrants against the capo issued by federal judges, the Federal Judicial Police had the obligation to send him before a judge for arraignment and a judicial action to be followed against him. Once this procedure was followed, "then it was alright" to proceed with the U.S. extradition request.

As for the arguments used by Government Secretary Emilio Chuayffet in the sense that Garcia's extradition is "a prerogative" of the executive and that constitutional Article No. 33 is above the Penal Code, the specialists have said that the separation of powers is defined in the Constitution and that there is nothing above this point.

They added that the Government Secretariat's explanation only seeks to justify an action that is obviously unjustifiable.

One of the specialists has said that in a truly democratic country in which the state of law prevails, the judicial branch does not allow such meddling on the part of the executive. In addition, they have said the Extradition Treaty stipulates that the extradition is the mechanism that will determine the repatriation of criminals to their country of origin.

We can say, another specialist has said, that the Attorney General's Office (PGR) has made a mistake by asking the corresponding district judge to issue the arrest warrant against the head of the Gulf Cartel, because in so doing it asked for the intervention of the federation's judicial branch. Had the judicial branch adopted an independent attitude, the accusations against Garcia Abrego would have had to have been dismissed in order for the executive to ship him out of the country without any major difficulty.

Minister Juventino Castro Castro, who has demanded the review of the Extradition Treaty following the United State's refusal to extradite Ruiz Massieu, has refused to make any comment on this matter.

Meanwhile, criminal attorney Juan Velasquez has said the extradition of one of the most wanted men by the U.S. judicial system has violated the law, because "there was disobedience of the judicial order" issued by the District judges who asked for the arrest warrant to file charges against Garcia Abrego before the federal justice system.

The experienced lawyer insists that the judges who issued the arrest warrant could even demand an explanation from the PGR itself on why the arrest warrants were not fulfilled and why Garcia Abrego was not presented to them to answer for the crimes of which he has been accused.

He has said Garcia Abrego should have been arraigned for the crimes documented in Mexico while the extradition process was started.

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Why was Garcia Abrego extradited under the argument that he was an undesirable foreigner? he wondered. If the official argument turns out to be true, he has said, "why is this policy not applied to hundreds of citizens from other countries who are also arrested for crimes against health and who are tried and serve their sentences here?"

Guillermo Garcia Romero, an instructor of constitutional law, and Eduardo Miranda Esquivel, a criminal law specialist, both members of the Executive Committee of the National Association of Democratic Lawyers, believe "the demeanor of the Mexican authorities regarding the arrest and extradition of the alleged drug trafficker is notorious and illegal."

The government and the PGR, they added, owe the people of Mexico a clear explanation on what were the secret agreements reached by the Mexican and U.S. Governments for the speedy release of Garcia Abrego.

Cesar Becker Cuellar, deputy secretary of Population and Migration Services, has said the extradition and release of Juan Garcia Abrego to U.S. justice was a "fully sovereign act."

In radio interviews granted under the instructions of Government Secretary Emilio Chuayffet, Becker Arreola has said "by no means" did Mexico lose its strength against the U.S. Government for preferring extradition over a criminal trial in its territory.

"I believe that the fact of shipping a foreigner deemed undesirable out of the country is a sovereign act, no more, no less. This act is simply one of sovereignty."

Mexican Officials Answer Zedillo-on-Garcia Article

PA2201233096 Mexico City LA JORNADA in Spanish 18 Jan 96 p 5

[By David Aponte, Elena Gallegos, and Nestor Martinez]

[FBIS Translated Text] Carlos Almada, the president's press secretary, answered hurriedly: "The legislators reporting this are secondhand sources, so we cannot officially say that this is the president's position." He was referring to a REFORMA article claiming that Ernesto Zedillo had admitted to legislators that Juan Garcia Abrego could have destabilized the country in a matter of hours.

The story also caused a commotion in the Chamber of Deputies, with coordinators for the PRI [Institutional Revolutionary Party], PAN [National Action Party], and the PRD [Party of the Democratic Revolution] denying any knowledge of the story and saying from the outset that they had not heard the president mention the topic. PAN senators and deputies, members of the permanent commission, asked one another who had leaked the information. Of course, all of them denied any responsibility for the leak.

Deputy Tonatiuh Bravo said that, honestly, the Gulf Cartel chief's capture and expulsion was an off-the-record topic of conversation between President Zedillo and several PAN members during their private meeting. Bravo said that he and fellow legislators Fernando Perez Noriega, Jose Francisco Peniche Bolio, Alejandro Gonzalez Alcocer, and Senator Arturo Nava Bolanos sang Attorney General Antonio Lozano Gracia's praises during the 40-minute meeting with the president on 16 January. The PAN legislators said that the operation to apprehend the drug trafficker — which the attorney general had organized — paled in comparison to the president's decision to expel him from the country. Bravo recalled the president's concern over setbacks in Mexico's war on organized crime, including the need for a witness protection program and for faceless judges to be able to be assigned to cases. The deputy described Zedillo as adamant: "The PGR [Office of the Attorney General of the Republic] does not have the resources needed to fight criminal gangs, particularly those that have more resources than the PGR itself." He said that Mexico is at a disadvantage in the war on these gangs and that the U.S. justice system had better possibilities.

The bottom line is that no one was willing to say who leaked the published version. Nevertheless, PRI and PRD members had no doubts that it was Fernando Perez Noriega who "blew the whistle."

During the Presidential Tour

The presidential airplane had just taken off for the capital of Oaxaca when Carlos Almada appeared in the rear of the aircraft, where journalists covering the source always travel. The presidential spokesman wanted to discuss President Zedillo's private meeting the night before with the legislators regarding the compromising statements attributed to him.

He approached the reporters that were seated in the first rows to tell them that the meeting, which was held at the Military Casino, had been an "informal meeting," that there had been no speeches, and that this is why it was believed it was not necessary to invite the media.

The reporters were already aware of the president's statements and wanted an official version of them; they doubted that the president made these statements. They believed it was very difficult or risky for President Zedillo to recognize that a single man, Garcia, had the power to "stage an operation in a matter of hours to destabilize the country."

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No one was more surprised than I was this morning when I read the report. I did not know anything, the spokesman excused himself right up front.

Did the president say it or not, he was asked.

I did not hear him; there were no speeches, the spokesman answered.

Almada immediately instructed the newly arrived Information Director, Juan Antonio Munoz, to be in charge of providing the message to the other reporters and returned to the front of the plane walking up the same aisle through which he had appeared.

Once in Oaxaca, at the buildings [casco] of the erstwhile San Juan Bautista La Raya Hacienda, where Zedillo had a meeting with peasants, Almada talked briefly to various reporters that were insisting on the journalistic version.

The truth is I did not hear that he referred to the case of Garcia; however, it seems he did it casually, the official commented.

The serious part is not that he talked about it, it is what he said, he was told. It is very serious for the Mexican president to accept that a single individual has the capacity to destabilize the country.

The spokesman changed the tone of his response. He turned sparing in words.

The president was meeting with various groups of legislators, and it seems he did say something only when we was speaking to the PAN legislators. However, it was never said in this sense.

Then, is it not true that he admitted what REFORMA stated?

It is a rumor, and we cannot go around denying all rumors. In addition, these are statements that the legislators cannot consider as the official position of the president of the Republic.

Minutes later, on board the press bus, the reporters were informed that the presidency would issue a "communique" on the meeting with the legislators.

The four-paragraph document did not explain anything nor did it refer to the media rumor.

Mexican President Zedillo Points to Continuity of PRI

PA2201233396 Mexico City XEW Television Network in Spanish 0400 GMT 19 Jan 96

[From the "24 Hours" newscast; passages within quotation marks recorded]

[FBIS Translated Text] The PRI [Institutional Revolutionary Party] is commemorating its 50th anniversary, not of its foundation, but of bearing the name it currently carries.

The Mexican president spoke during the ceremony and said that those who claim that the PRI is an inert and defunct party are making a terrible mistake.

During the ceremony to commemorate the 50th anniversary of the creation of the PRI, President Ernesto Zedillo stated that Mexicans will shortly overcome the crisis.

[Zedillo] "Without unproductive boasting or gloating and with calm objectivity, we can affirm that thanks to the efforts and unity of all Mexicans, we will shortly overcome the crisis. We shortly will ensure recovery."

Addressing workers, peasants, civic group leaders, governors, the presidential cabinet, deputies, senators, and assembly members, the president spoke about the relationship between the PRI and the government.

[Zedillo] "Only naivete, distorted information, and our adversaries' willful misrepresentation can suggest that there is disunity, distance, or even a divorce between the PRI and this president, who came out of its ranks."

The Mexican president expressed his pride in his PRI membership. He also stressed that between the PRI and the president there is frank and permanent respect and contact.

[Zedillo] "We PRI members assume that the days of sure victory and unquestionable hegemony have been left behind and will never return."

The president made a public acknowledgement of the efforts in favor of the party being carried out by Santiago Onate as PRI president. In his address, Santiago Onate demanded responsible values from those who profit politically from the country's problems.

[Onate] "It is time to begin to work by setting an example."

The ceremony took place in the Plutarco Elias Calles auditorium of the PRI's headquarters.

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EZLN, Mexican Government Conclude Third Round of Talks

PA2201153596 Mexico City XEW Television Network in Spanish 0400 GMT 19 Jan 96

[Report by Juan Sebastian Solis; from the "24 Hours" newscast]

[FBIS Translated Text] The committee on Indian rights and culture is coming to the end of it latest round of talks, after eight days of work. The EZLN [Zapatist National Liberation Army] and federal government have proposed:

1. drafting a social pact that renews the relationship between the state, society, and Indians based on respect for differences, acknowledgement of Indian individuality as an intrinsic component of Mexican nationality, and an acceptance of the singularity of this individuality as a constitutive element of our legal order;

2. addressing the Indian people's political, social, economic, and cultural jurisdictional rights in the political constitution of the United States of Mexico;

3. constitutionally recognizing the Indian communities as public entities — to this end, constitutional reforms will be carried out on Articles 4 and 115 of the Constitution.

Another important point agreed upon during tonight's plenary session is related to the autonomy or free determination of the Indian people, which will be encouraged in the general constitution of the republic and in the legislation of each state. The overall guidelines proposed do not entail the creation of any special agencies for Indians other than those already included in the current federal pact. Differences with respect to the objectives and extent of an Indian justice system were finally overcome. The agreement stipulates that the Mexican legal system will recognize the Indian communities' authority, guidelines, and procedures to resolve internal conflicts and that their judgment and rulings will be ratified and confirmed through simple procedures by all state jurisdictional authorities, so long as no human rights are violated.

A 20-day period is hereby established so that EZLN and government representatives can consider the proposals. After the stipulated time period — more or less, during the first days of February — both sides will meet again in San Andres Larrainzar to sign what could be the first concrete commitments arrived at two years after the Altos de Chiapas conflict broke out. These would be the first agreements of peace with justice and dignity.

This is the report on what has been taking place at this time here, in San Andres Larrainzar, where the EZLN delegation headed by Commander David and the federal government delegation headed by Marco Antonio Bernal are currently concluding their initial meeting.

More on Mexican Indian Rights Agreement

PA2301001896 Mexico City LA JORNADA in Spanish 19 Jan 96 p 21

[By Elio Henriquez and Jose Gil Olmos]

[FBIS Translated Text] The Federal Government and the Zapatist National Liberation Army (EZLN) agreed today to establish a new social pact and a new relationship among the Mexican state, society, and Indian people; to acknowledge in the constitution the Indian people's political, social, cultural, jurisdictional, and economic rights, as well as their autonomy; and to promote the constitutional reforms of Articles 4, 115, and others.

The government's delegation believes that these agreements, which were reached after eight days of negotiations, are "satisfactory" and constitute an important step toward peace in Chiapas since they will be the basis for the Indian people to determine their own means and ways toward development under the Constitution and by fully exercising their rights.

Meanwhile, the EZLN delegation asked for guarantees to consult the Indian communities on the agreements that were reached tonight because the EZLN believes that these consultations would not be possible "before an excessive number of federal Army troops." The EZLN said: "It is a shame that the Mexican Government finally begins to acknowledge our existence and rights in the very last decade of the 20th Century."

There will be consultations on these agreements until they are made formal on 13 February, during a final plenary session after nine-month negotiations. These agreements provide that the new pact and the new relationship among the Mexican state, society, and Indian people should be based upon "principles of respect for any difference, the acknowledgement of Indian identities as intrinsic components of our nationality, and the acceptance of their peculiarities as constitutive elements of our legal system."

Regarding autonomy or the free determination of the Indian nations, the parties agreed "to promote their recognition" in the General Constitution of the Republic and the laws of the states. Those documents will indicate their characteristics according to given situations and stipulate the legitimate aspirations of the Indian nations.

Likewise, the government and the EZLN agreed to recognize the political rights of the Indians in the Constitution so as to "strengthen their political representation

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and participation in the legislature and the government, with due respect to their traditions," and the right to jurisdiction so that their hierarchy and internal conflict-solving systems can be accepted by law with full respect for human rights.

In the domestic sphere, the parties also agreed to recognize the social rights of the Indians in the Constitution so as to satisfy their fundamental needs; their cultural rights so they can develop their creativity, cultural diversity, and the continuation of their identities; and, finally, their economic rights so they can further their organizational systems and alternatives to work and improve their production.

Moreover, they agreed to give constitutional recognition to Indian communities as legal entities. In all those cases, the government and the rebel group agreed to promote initiatives to reform Articles 4 and 115 of the Constitution, among others, and accepted the furthering of additions, reforms, and modifications to federal regulations, state laws, and legal instruments that will jointly form the new Indian rights.

As part of the commitments on and specific actions for Chiapas, the government and the EZLN agreed to promote the restoration of municipalities by establishing a commission to further municipal reforms to include the rights of the Indian nations; the participation of the Indians in the electoral processes without requiring the intermediation of political parties; and their collective access to the use and enjoyment of natural resources, except those that belong to the nation, among others.

The agreements reached are included in the topics that covered Indian rights and culture. The parties had confirmed them at a plenary meeting that was installed at 2300. The agreements were reported by Bishop Samuel Ruiz Garcia, president of the National Mediation Commission (Conai), at midnight tonight.

The parties will consult the agreements reached and, once this has been done, will make them official at the final plenary meeting to be held in San Andres Larrainzar on 13 February. After that, a verification and follow-up commission for the agreements will be installed.

A press bulletin issued here on 18 January by the government delegation, which is headed by Marco Antonio Bernal Gutierrez, indicates that the agreements reached with their counterpart are "an advancement in deeds for the new pact between the government, society, and the Indian communities that the Federal Executive has offered the nation."

For its part, the Zapatist delegation was cautious. In a four-point communique read by Commander Tacho after midnight, the rebel group observed that the agreements reached today were but a mere recognition of their self—determination, autonomy, and right to associate freely, to apply Indian law in regards to people and territory in their areas, and to have their own political representation.

The Zapatist representation maintained: "An army of Indians has had to revolt to make us be heard and so that the most important demands of the Indian nations and of all the people of Mexico can be heard."

The implementation of the laws, the rebel leader asserted, have only been used to persecute us. He added that the changes must cover all of Mexican society and all their structures and ways of living because without national democracy, it will be impossible for the Indian nations to occupy the positions they deserve.

In its communique, the EZLN said they will now consult the agreements reached and will listen to what their people have to say about them. However, "we tell you clearly: Words and agreements that attempt to be serious and firm are totally useless if the repression continues. [no closing quotation mark as published]

"The government now has the opportunity of truly opening new paths and doors and of showing that war is not the right path," Tacho concluded.

Analysis: Mexico Will Fulfill Foreign Financial Commitments

PA2301015496 Mexico City NOTIMEX in Spanish 2133 GMT 21 Jan 96

[FBIS Translated Text] Mexico City, 21 Jan (NOTIMEX) — Mexico will easily fulfill its foreign financial commitments, an analysis of the Banamex-Accival group stated today.

Despite the amount of foreign debt Mexico must cover this year, there are factors that permit us to observe with confidence its ability to pay, stated the analysis entitled "Examination of the Economic Situation of Mexico."

The country's risk signs that deteriorated in the first months of 1995 are gradually recovering, and this gradual recovery will allow the country to fulfill its foreign financial commitments, the study added.

The analysis also stated that the recent sale of bonds, both public and private bonds, in the international market is the first show of the recovery.

Another factor that allows one to predict an easy ability of Mexico to pay its foreign commitments is that the current account deficit remains low, and international liquidity is anticipated to be high, the report stated.

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The Banamex-Accival analysis added that $30.245 billion will have to be paid abroad in 1996, according to preliminary estimates, most of which correspond to overdue private sector obligations, especially from commercial banks.

The debt of commercial banks totals $21.1 billion, including deposit certificates and interbank credit lines that mature in less than one year.

For the private nonbank sector, the terms under which the debt was contracted were shorter, because only 20 percent of their liabilities with foreign organizations must be amortized in 1996. [sentence as received]

The analysis mentioned that "if the economic recovery becomes consolidated in the first quarters of the year, it is more likely to attract foreign resources under better conditions to face those commitments."

The public sector (including the Bank of Mexico) must make payments for $12 billion, it warned.

Nearly half the debt was contracted with international organizations such as the Inter-American Development Bank (IDB) and the World Bank, the refinancing of which is simpler even under adverse macroeconomic conditions.

According to experts, Mexico's prospects are more encouraging, because the 30-year rate in the United States, an adequate indicator, may remain at below 6.3 percent for this year.

An important part of Stabilization Fund obligations will mature in 1998 and 1999; thus, the country will regain its presence in the international debt market between 1996 and 1998, the Banamex-Accival group concluded.

Mexican Business Leaders Reject Sliding Wage Scale

PA2301120396 Mexico City LA JORNADA in Spanish 18 Jan 96 p 45

[Article by Raul Llanos Samaniego]

[FBIS Translated Text] Private sector leaders have indicated that due to Mexico's current economic situation, it would be unfeasible to establish a sliding wage scale because it would provoke a race between prices and wages. They also said that recent price increases were not intended to affect consumers, but were in response to the necessity of companies to "survive." They added that *freezing* prices would cause a shutdown of thousands of companies and the loss of thousands of jobs.

Business leaders Hector Larios Santillan of the Business Coordinating Council (CCE), Salvador Lopez of the National Chamber of Commerce (CANACO), and Victor Manuel Terrones of the National Association of Manufacturers (Canacintra) said, regarding this issue, that today in the semimonthly meeting of the Alliance for Economic Recovery (APRE), they will announce an extensive program to reduce the price of a number of items in the family basket.

Having taken part in the *Perspectives for 1996* conference, Hector Larios Santillan emphasized that the sliding wage scale is inappropriate at this moment because it would initiate an inflationary process. "We would embark in a vicious circle" that would start a race between prices and salaries. That is why we have "to study this issue calmly and seek to improve wages by means of production."

In an interview, the nation's foremost businessmen's representative said: "We are the first to acknowledge the people's loss of purchasing power. However, we also believe that an adequate solution regarding productivity can be reached by agreements between businessmen and workers."

Larios Santillan emphasized that it was necessary "for the two sectors to work together to seek efficient solutions that will allow us to salvage the current moment, because there are no magic formulas to resolve this issue overnight." Questioned about price increases and the response of the workers, who are threatening shutdowns and strikes, Larios Santillan emphasized that businessmen have had to turn to price increases "exclusively to save their companies and keep them operating, and not bring about more unemployment."

That is why "we have recommended that businessmen and industrialists increase prices as little as possible, so that their companies will not begin to disappear," Larios Santillan added.

Until now, he explained, family and company economies are very similar, "the two are very weak, and if we *freeze* prices, — with which I do not agree — the only thing it will lead us to is the shutting down of manufacturing plants."

Larios Santillan explained that in a recession such as the one we are facing, one cannot freely increase prices, because sales would drop even further. Prices are currently being increased only enough to allow companies to maintain a balance between expenses and earnings.

The increases are "exclusively for the survival of the manufacturing plants ... we need to understand this well because that is what keeps companies operating and jobs sources available."

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CANACO leader Salvador Lopez Negrete believes that "as a nation we cannot possibly hope for a sliding wage scale." Negrete was blunt in saying that "the aspirations the country should have are one thing, but the limitations imposed by our economic reality are something very different."

[Llanos] Then, the citizenry will have to resign itself to a continual loss of purchasing power?

[Lopez] No, we do not have to resign ourselves to that, because work and effort will allow us to overcome this situation. I would not speak of resignation, but of work.

Later, Negrete denied that there was any risk in the threats of the workers, who oppose the continuing increase in product prices.

The business leader said that businessmen understand the importance of the consumer, therefore, it is not their intention to reduce the consumer's purchasing power.

Cacintra's Victor Manuel Terrones indicated that adopting a sliding wage scale in Mexico would bring about a strongly marked devaluation, and Mexico could plunge into hyperinflation.

Terrones maintained that the economy is not ready to act within the framework of a peoples' economic policy, because that is precisely the policy that "weakened our economy and never fulfilled the expectations of the Mexican people."

Mexican Government: Privatization Plan for Electric Sector

PA2301021896 Mexico City EL FINANCIERO in Spanish 16 Jan 96 p 3A

[Report by Georgina Tristan]

[FBIS Translated Text] The federal government has established a program for the privatization of the country's electric sector. The Energy Secretariat [SE] and the Federal Electricity Commission [CFE] have defined the four areas of private participation in this industry.

1. Stock representing the largest plants will be put up for sale.

2. Private investors, both local and foreign, will be able to participate in the enterprises' capital with more than 50 percent of the shares in an economic area heretofore reserved for local capital.

3. The largest plants will be operated by either local or foreign managers.

4. The public sector, through its institutions, will only be in charge of marketing the energy generated by the privately-managed plants.

The shortage of resources to invest in the electric energy sector is what prompted CFE to prepare this ambitious, short-term "Action Plan to Collect Resources," CFE and entrepreneurial sector sources reported. With this plan, private citizens, both local and foreign, can purchase more than 50 percent of the shares of plants like Carbon II, Zimapan, Aguamilpa, Petatalco, and sell electric energy to the federal government through agreements. The government will continue to operate plants unattractive to private capital.

The sources said the idea is not to disincorporate assets but to obtain resources for the sector's development by issuing stock. The completion of the process will still take several months, because the sale of stock is a slow process.

CFE estimates that approximately $13 billion will be required in the next seven years to finance the sector's expansion. Since the beginning of this administration, it was decided to give greater participation to private parties in the generation of electric energy. Late in 1994, when the Alliance for Economic Recovery [APRE] was signed, the federal government said it would "fir .y encourage a structural reform to increase the participation of private parties in the generation of electric energy to improve the sector's productivity and ensure the financing required for its expansion."

During the sector's popular consultation forum on the 1995-2000 National Development Plan, CFE said that "the central objective of the CFE's electric energy service is to improve the current levels of efficiency from an international standpoint." This effort at excellence will be aimed at improving the quality of the services for the various electric energy users.

This total quality concept should be understood as a process to turn out an internationally competitive product produced with the required timeliness, quantity, and technical efficiency. To achieve this, CFE established in this forum, held during the first semester of 1995, that actions like consolidating the sector's financial position, "complementing public resources with private resources," strengthening the electric sector's groundwork, adopting and developing technologies, stimulating electric energy saving, and attending to ecological and environmental aspects will be required.

"For the next 15 years, the electric energy sector will be seen as one that is fully consolidated through joint public and private efforts. Private investment is limited to the generation of electricity in accordance with current regulations. The public sector will continue to have a fundamental participation in the increased capability for generating electric energy, mainly through new hydroelectric, nuclear, hydrocarbon, and geothermal plants."

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To the extent that the collection of greater private resources for the generation of electricity is stimulated and expanded, CFE will be able to have more funds available to improve the transmission and distribution of electricity.

The promotion of the electric energy sector's activity, regarding both private and public participation, depends to a large extent on the consolidation of CFE's financial position, CFE pointed out.

To attain this, it is essential to have a clear, flexible, and adequate regional rate policy, which "will reflect its operational and fixed costs."

To attain this policy, it will first be necessary to give greater capability to the electric energy sector to design and implement a rate policy and reveal the subsidies that the federal and state governments grant to the various users, sectors, or regions.

Private Sector Considers Mexican State of Economy

PA2201234596 Mexico City EL FINANCIERO in Spanish 19 Jan 96 p 18

[By Leticia Rodriguez Lopez]

[FBIS Translated Text] Due to the fact that a significant number of micro, small, and medium-size firms are currently at the limit of their capacity, it is urgent to ensure economic recovery and the stabilization of the main macroeconomic variables in order to ensure the survival of the productive apparatus.

The outlook for 1996, in general, would seem bleak, according to a six- month poll by the Private Sector Center for Economic Studies (CEESP) which cautions that the time expected for the general situation in the industrial, commercial, and service sector to normalize will not be less than 16 months.

Contrary to official forecasts, the business sector does not have much confidence in the foreign sector because "the exporting dynamic has lost a lot of steam and is about to reach the limit" of its short-term potential. The reason for this can be found in lack of installed capacity, absence of new investments, and the lack of large scale and wide-ranging institutional support.

The 32-page report on the poll claims that current undervaluation is insufficient to induce better performance from the productive apparatus in the short term since it is not supported by any worthwhile capitalization policies.

In the domestic sector, the report contends that even though the investments support and incentives measures for jobs creation included in the Alliance for Economic Recovery (APRE) received a "favorable reception" at the time, they are still insufficient in light of the severity of the problems being confronted.

According to the business sector, one of the main results of the current crisis was the braking of the productive apparatus reconversion program that had been taking place up until 1994.

The CEESP poll, applied to 453 industrial, commercial, and service corporations located in the valley of Mexico, Guadalajara, Monterrey and Leon, shows that during the second half of 1995, 45.9 percent of the firms analyzed recorded a drop in sales, with the significant decline taking place at smaller firms while the medium and larger-sized firm recorded a trend similar to the one recorded during the first half of 1995. The sector most affected was the commercial followed closely by commercial and industrial sectors.

According to 51.4 percent of all firms consulted, lack of demand was the main element that retarded productivity; 42.3 percent attribute the lack of demand to financial reasons (insufficient and high cost of funds); 24.3 percent point to an increase in the supply of raw materials; 13.8 percent point to an increase in imports.

The proportion of firms that were able to increase profits over total sales declined from 37.1 percent during the first half of 1995 to 23.1 percent during the second half of last year, while 51.1 percent of all firms were forced to take a cut in earnings.

According to the report, the repercussion of this situation will be negative in the short run since firms are currently using up their reserves and savings in future investments.

In this respect, the CEESP report reiterates the urgent need to ensure some growth in the domestic market since if it delayed any longer, firms might begin to reach the limit of their capacity and start recording unsustainable loses.

The CEESP points out that 27.1 percent of all firms carried out some type of investments, a far cry from the 50 percent that had initially announced plans to undertake investments during last year.

Worse yet, the report points out that while 54.1 percent of all firms had announced plans to increase investments by more than 10 percent during the first half of 1995, during the second half of last year that percentage dropped to 39.8 percent.

In addition, 47.8 percent of all firms that intended to carry out some investments do not intend to undertake disbursements greater than 10 percent, which means that most of the investments to be carried out will

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be in maintenance and only in exceptional cases will it be geared toward expansion or to upgrade installed capacity.

Nearly 8.9 percent of all firms intend to carry out some type of investments during the current year. Therefore, a rapid solution to the crisis and the recovery of stability, as well as the decline in the cost of funds together with access to medium- and long-term financing, are expected to help fulfill this expectation.

With respect to employment, the CEESP points out that the recorded decline took place mainly in the industrial and service sectors (43.3 and 43.6 percent respectively) and to lesser degree in the trade sector. Contrary to what other indicators showed, the most significant decline in employment levels took place precisely with the large firms.

The document "Effects of the Crisis on Firms During the Second Half of 1995" stresses that the improvement in employment levels should be understood as a decrease in the negative trend and not as evidence of an improvement in the economic situation.

It states that the main sectors affected by unemployment continue to be workers (30 percent), while the proportion of "white collar" workers increased from 13.4 to 15.7 percent. On the other hand, it mentions that contractual wage increases during the second half of the year averaged 12 percent.

However, an improvement in the level of economic activity is expected for this year, as well as more investments, although a 38.5 percent inflation rate has also been forecast, which surpasses the 20.5 percent estimated by the government.

In forecasting that it will take 16 months for the general situation of corporations to improve, businessmen polled anticipate a 3.9 percent growth in GDP and 7.5 percent improvement in industrial activity, in addition to a 12 percent increase in wages.

The number of firms that were polled were able to survive the crisis with relative success during the first half of the past year, considering that a less than dramatic sales performance was recorded and employment indicators also showed some improvement.

Roundup of Mexican Economic Developments Through 21 Jan

PA2201223396

[FBIS Report] The following is a compilation of reports on Mexican economic developments monitored through 21 January.

The Communications and Transportation Secretariat has granted a 30-year concession to Cableados and Sistemas, S.A. de C.V., to install and operate an interstate public telecommunications network. (Mexico City NOTIMEX in Spanish 0738 GMT 16 Jan 96; datelined Mexico City)

An average of 40 maquiladoras (assembly plants) per month started up operations last year, making room for 53,000 more jobs. There are 2,908 maquiladoras to date, employing 742,765 people. This information was supplied by Decio De Maria Serrano, undersecretary for foreign trade and investments, who added that the same rate of growth is expected for 1996. De Maria said that the main interests of Mexican and foreign entrepreneurs are textiles, electronic accessories, and furniture. (Mexico City NOTIMEX in Spanish 2105 GMT 16 Jan 96; datelined Mexico City)

Tourism Secretary Silvia Hernandez has reported that 20,000,000 tourists visited Mexico in 1995, up 3,000,000 from 1994. (Mexico City LA JORNADA in Spanish 16 Jan 96 p 45)

The Retirement Savings System's (SAR) balance up to 11 January was reported at 49.132 billion pesos, according to SAR President Fernando Solis. Of the total amount of resources that SAR administers, 22.327 billion pesos correspond to the retirement subaccount and 26.805 billion pesos to the housing subaccount. (Mexico City LA JORNADA in Spanish 17 Jan 96 p 46)

The manufacture of nonmetallic minerals used in the construction industry topped a record-high surplus of $467.7 million during the first 11 months of 1995. This is 266 percent higher than the same period in 1994. Bank of Mexico figures indicate exports of nonmetallic minerals amounted to $948.2 million between January and November 1995, which is a 19.4 percent increase over the same period in 1994. Imports dropped 28 percent and amounted to $480.5 million. This sector's weak domestic market was offset in part by exports, but did not halt a drop in production of 13.3 percent during the first three quarter of 1995. This is important when one notes that the use of nonmetallic minerals correspond to more than half of the cost of materials used in construction works. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 17 Jan 96 p 3-a)

The Confederation of Industrial Associations (Cocamin) has reported that Mexican exports account for 30 percent of gross domestic product. Cocamin Director General Rene Espinosa said that Mexico has 21,500 export firms with the capacity to compete internationally and that these earmark close to 40 percent of their production abroad, which places Mexico in the number four

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position in exports worldwide. (Mexico City NOTIMEX in Spanish 2356 GMT 17 Jan 96; datelined Mexico City)

The IMSA Group will start up its Xintro IV plant in late January, following a $50 million investment. This plant can manufacture 260,000 tons of hot-rolled galvanized steel sheets. (Mexico City EL FINANCIERO in Spanish 17 Jan 96 p 15)

To increase its operational capacity, incorporate new processes, and modernize the installations of its coal companies, the Northern Steel Group (GAN) will put into operation projects totalling $113 million, GAN Coal Director Guillermo Ancira Elizondo has reported. He also said that the group is conducting a study to refurbish the Mexican Coal Coking Plant by investing $132 million. On another subject, he disclosed that the Rio Escondido Coal Mine (Micare) produced 6.3 million tons of thermal coal in 1995 and that, along with the mineral purchased from small- and mid-scale coal miners of the area, it sold 7.3 million tons to the Federal Electricity Commission (CFE). Micare invested $36 million to modernize and develop itself in 1995. Meanwhile, Monclova Minerals Company (Mimosa) sold 2.8 million tons of coal in 1995. (Mexico City EL FINANCIERO in Spanish 17 Jan 96 p 17)

Mexican Petroleum, Inc. (Pemex) has reported that the Pajaritos maritime terminal became the country's main commercial and industrial port in 1995 as it handled "218,000 barrels" of crude oil and petrochemicals. Meanwhile, direct foreign investments in Jalisco State amounted to $636.5 million in 1995. (Mexico City EL FINANCIERO in Spanish 17 Jan 96 p 16)

The modernization of the Mexican infrastructure and the privatization process are the door to an attractive $12 billion business, to which only half a dozen Mexican construction companies will have access. The Associated Civil Engineers Group (ICA), the Mexican Development Group (GMD), the Tribasa Group, and the Industrial Office are the companies most interested in investing this business. It was explained that of the total amount of investments required, 41 percent will be allocated to the telecommunications sector, 12 percent to the oil sector, 10 percent to natural gas, seven percent to the mining industry, seven percent to energy, six percent to environmental development, three percent to the chemical industry, and 14 percent to other sectors. (Mexico City EL FINANCIERO in Spanish 18 Jan 96 p 11)

Undoubtedly, 1995 became the most critical year for manufacturers of heavy-duty vehicles in Mexico, because only 5,432 units were sold, compared to the 33,273 units sold in 1994. This proved an 83.67 percent drop. According to the annual report by the National Association of Bus, Truck, and Tractor Manufacturers (ANPACT), the average monthly sale was only 453 units. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 18 Jan 96 p 2A)

The shortage of jobs in the formal sector and the saturated levels of informal activities made underemployment grow in 1995. This phenomenon adversely affected 66 percent of the economically active population — that is, it affected 23.035 million people. According to EL FINANCIERO research based on figures released by the National Institute of Statistics, Geography, and Information Science (INEGI), the open unemployment rate was 6.2 percent in 1995. The unemployment rate was higher in certain cities — 10.7 percent in Monclova and 8.9 percent in Coatzacoalcos — and lower in others — 1.7 percent in Tijuana and 1.4 percent in Acapulco. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 18 Jan 96 p 3A)

A total of 33 associations, all members of the Chihuahua Regional Cattlemen Association, and apple growers from the northeastern part of the state decided to discontinue payments to the commercial banks. In justifying their decision, the cattle owners claimed falling revenues, while the apple growers pointed to a 60 percent fall in production. Both associations are urging the commercial banks to grant a moratorium until financial conditions have stabilized. The Regional Cattlemen Union, in a declaration that was supported by its 39 local associations, expressed its inability to meet financial commitments contracted with the banks and explained that their position will continue until conditions improve in the sector. The cattlemen are requesting a new restructuring agreement with the banks that includes a one year, capital payment free grace period to cover their debt, followed by a two-year period to repay pending interest. On the other hand, apple growers claim that their inability to repay the banks is due to the drastic 50 percent decline in fruit production. (Mexico City LA JORNADA in Spanish 18 Jan 96 p 46)

Mexican Franchise Association President Juan Manuel Gallestegui has announced plans to invest nearly $150 million in the system and forecast a 20 percent growth during 1996. Gallestegui stressed that although 1995 had been a difficult year for all independent businesses, the franchise system was able to prove its resilience and capacity to confront the country's financial crisis in a satisfactory manner and even record a 15-percent overall growth during the process. (Mexico City NOTIMEX in Spanish 2147 GMT 18 Jan 96; datelined Mexico City)

Business Coordinating Council (CCE) President Hector Larios has announced that Mexico's small and medium-

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sized firms intend to invest more than $2 billion in several productive projects during 1996 and that within this context, negotiations are being carried out with the National Banking and Securities Commission (CNBV) to untie the financial situation of nonbanking institutions such as finance companies, credit unions, and specific productive sectors. The CCE president also pointed out that this investment should be added to the $6 billion guaranteed by foreign corporations already operating in the country and $6.2 billion more promised by the Mexican Businessmen Council (CMHN). (Mexico City LA JORNADA in Spanish 18 Jan 96 p 47)

The Bank of Mexico (BCM) reported on 16 January that up until 12 January, the country's net international reserves had settled at $16.45 billion, an amount slightly greater than the $390 million reported last week. In disclosing its official statements, the BCM explained that the country's monetary base had declined by 4.584 billion pesos during the first 12 days of the year. In its report the BCM stated that between 12 and 15 January the increase in the international reserves came about due to the federal government's purchase of $400 million in bonds listed in the Japanese financial markets. (Mexico City LA JORNADA in Spanish 17 Jan 96 p 46)

The Finance and Public Credit Secretariat recently authorized a new rate increase to be applied to all ships docking at ports throughout Mexico. With the new increase, rates will jump from 26 to 462 percent for all consignments. In the meantime, the Mexican Association of Shipping Agents (AMANAC) criticized the measure by indicating that the new rates are too steep and add to the 100 percent increase that had already been applied prior to December 1995. (Mexico City EL FINANCIERO in Spanish 19 Jan 96 p 20)

An official from the Commerce and Industrial Development Secretariat (Secofi) has announced that $20 million will be invested to promote Mexican products abroad. It was also announced that $13 billion have been authorized for credits to export companies, of which Baja California State will receive $500,000,000. (Mexico City LA JORNADA in Spanish 19 Jan 96 p 45)

This year the Inter-American Development Bank (IDB) will approve credits worth $1.6 billion for Mexico to develop environmental and electrical projects, IDB Representative in Mexico Jairo Sanchez Mendez has announced. He recalled that Mexico owes that institution $5.5 billion, noting that thus far it is up—to-date in its payments. Mexico will receive 25 percent of IDB credits to Latin American countries. (Mexico City LA JORNADA in Spanish 19 Jan 96 p 45)

Secofi announced on 18 January implementation of a program to reduce prices on 61 family basket products in January and February. The discounts to be applied will range between five and 50 percent. (Mexico City LA JORNADA in Spanish 19 Jan 96 p 47)

Enrique Aguilar Borrego, secretary general of the National Federation of Banking Workers Unions, said during an interview with EL FINANCIERO that in 1995 the 110,000 workers of multiple and development banks suffered the worst consequences of the postdevaluation crisis. Approximately 5,000 jobs were lost, their purchasing power dropped by 50 percent, and their fiscal benefits were eliminated. (Mexico City EL FINANCIERO in Spanish 19 Jan 96 p 20)

The Mexican Association of Automobile Industries has reported that Mexico produced a total of 931,178 vehicles in 1995, a 15.1 percent drop compared to the 1994 production figure of 1,097,381. (Mexico City EL FINANCIERO in Spanish 19 Jan 96 p 18A)

Foreign Exchange Offices reported net revenues of nearly 680 million pesos at the close of the third trimester of 1995 due to high demand for dollars and devalution of the peso during that year. According to figures of the National Banking and Securities Commission, the foreign exchange offices operating in Mexico, excluding Havre, Union, Pais, and Cellini due to operational irregularities, registered increases of over 150 percent in September 1995 compared to September 1994. Of all nonbanking financial intermediaries, only the foreign exchange offices reported profits despite the financial crisis. Meanwhile, the brokerages that reported the highest revenues were Euromex with 130.576 million pesos, Inverlat with 59.934 million pesos, Consultoria Internacional with 59.382 million pesos, Bancomer with 38.853 million pesos, and Vectodivisas with 28.748 million pesos. (Mexico City EL FINANCIERO in Spanish 19 Jan 96 p 9)

Pemex will increase daily production by 200,000 barrels to a total of 2.864 million — that is, a 7.4 percent increase — during the first trimester of 1996, Pemex Director General Adrian Lajous has announced. He added that daily production will be increased to 3 million barrels in December 1996. Lajous reported that daily natural gas production between January and March this year will be increased from 3.634 billion cubic feet to 4.277 billion — that is, 17.7 percent higher than in December 1995. The Pemex director said that the institution registered pretax operational revenues of more than $14 billion in 1995. He added that net export revenues totaled $7.2 billion — that is, 16.67 percent more than in 1994. Pemex contributed $16.7 billion to the federal government in direct and indirect taxes. The average price of a barrel of export crude was nearly $2

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higher than in 1994. (Mexico City LA JORNADA in Spanish 19 Jan 96 pp 1, 46)

The Mexican Finance and Public Credit Secretariat reported today that industrial activity in Mexico dropped by 8.4 percent between January and October 1995 compared to the same period in 1994. The industries that registered the largest decreases were construction with 22.2 percent, manufacturing with 6.9 percent, and mining with 1.4 percent. Industries that registered increases were food, beverages, tobacco, clothing, paper, printing and publishing houses, chemicals, petroleum and its derivatives, nonmetallic minerals, basic metallic goods, machinery and equipment, and other manufactured goods. (Mexico City NOTIMEX in Spanish 0211 GMT 20 Jan 96; datelined Mexico City)

Mexico: Five Tons Marijuana Seized From Tank Truck

96WB0017A Mexico City EXCELSIOR in Spanish 27 Dec 95 p 20-A

[Article by R. Medina and R. Melendez]

[FBIS Translated Text] Federal Judicial Police agents detailed to the state of Sonora discovered and seized over five tons of compressed marijuana, worth more than 40 million new pesos, concealed on a tank truck carrying liquid petroleum gas. The drugs, distributed in 1,367 "bricks," were to be taken to the State of California for sale and consumption. The tank truck operator was arrested.

Information provided by the PGR's [Office of the Attorney General of the Republic] local agency in that state, headed by Americo Flores Nava, indicates that a tank truck with Federal Public Service registration 384-BC2 was intercepted at the checkpoint on the Fresnillo-Benjamin highway. In it, Manuel Guadalupe Quintero Felix, aged 27, was carrying 5,050 kg of cannabis indica, presumably acquired and packed in the State of Jalisco.

It was specified that the over five tons of marijuana were distributed in 1,367 "flat bricks" arranged "strategically" in the false bottom of a tank truck owned by the Luis Flores M. Company, which is being investigated. Quintero Felix informed the Federal MP [Public Prosecutor's Office] that the marijuana had been turned over to him in the vehicle, which was carrying small amounts of gas, by an unidentified person in Guadalajara, Jalisco. He received instructions to deliver the shipment in Tijuana, Baja California, the site from which it was to be smuggled into the United States.

Mexico: Clandestine Runway Found in Chiapas

96WB0017B Mexico City EXCELSIOR in Spanish 21 Dec 95 p 7-F

[Article by Rafael Victorio Ruiz]

[FBIS Translated Text] Tonala, Chiapas, 20 Dec—Members of the State Public Security forces and the Mexican Army detected a clandestine runway near the community of Juan Sabines Gutierrez, presumably being used for the landing of planes carrying drugs. Near the site, they discovered one kg of cocaine and arrested six persons (one a Federal Judicial Police agent), from whom they confiscated two heavy caliber weapons. The PGR [Office of the Attorney General of the Republic] made this announcement today in a communique.

According to the report, when the Public Security agents discovered the presence of the twin-engine plane, with Mexican registration XBE-QQ, flying over the area near the Perseverancia ranch, they found one kg of pure cocaine. On the site, they arrested Gerardo Casas Gonzalez, Adolfo Alvarez Flores, Eduardo Lerma Quezada, Alejandro Samano Ballesteros, and Luis Nava Rubio. The report notes that, as a result, a checkpoint was set up on the coastal highway, where the Federal Judicial Police agent, Hector Ocampo Paz, was captured.

Mexico: Veracruz Honors Task Force Mars Troops

96WB0017C Mexico City EXCELSIOR in Spanish 21 Dec 95 p 21-A

[FBIS Translated Excerpt] Yesterday, in Jalapa, the governor of Veracruz, Patricio Chirinos, acknowledged the effectiveness, integrity, and courage of the Mexican Army in its battle against the drug traffic. The state's chief executive, with the commander of the 26th Military Zone, Staff School graduate Mario Perez Alarcon, witnessed the parade of over 400 members of the 63d Infantry Battalion from the central balcony of the Government Palace. The troops were returning from the State of Sinaloa, where they had participated in Task Force Mars, engaged in fighting the drug traffic.

The Veracruz civilian and military authorities, as well as the citizens as a whole, gave an enthusiastic welcome to the Mexican troops who had successfully completed their mission against drug growing. [passage omitted]

Infantry Colonel Victor Manuel Davila Aspiazu, commander of the 63d Battalion with headquarters in El Lencero, submitted the report of the participating forces that have been serving since October with Task Force Mars-4 1995, to combat the drug traffic in the western Sierra Madre, on the borders of Chihuahua, Durango, and Sinaloa.

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Task Force Mars destroyed 7,196 marijuana crops on an area of 5,353,326 square meters, and 2,706 poppy crops planted on 1.8 million square meters, which, if marketed, would have harmed thousands of young people.

With these activities, the National Army has confirmed to the Mexican people its commitment to continue fighting drugs and eradicating this social cancer detrimental to mankind.

The members of the 63d Battalion were organized in three companies of riflemen. The first was under orders from First Infantry Captain Clemente Perez Santos; the second, under Second Infantry Captain Sergio Armando Hernandez Vega; and the third, under the command of Second Infantry Captain Roberto Manuel Paxtian Quino.

Accompanying Governor Chirinos and General Perez Alarcon were the state government's general secretary, Miguel Angel Yunes Linares; the chief of staff of the 26th Military Zone, Infantry Colonel Roberto de la Vega Diaz; the state attorney general, Rodolfo Duarte Rivas; the undersecretary, Francisco Loyo Ramos; and the general directors of public security, Juan Herrera Marin, and of government, Enrique Ampudia Mello; as well as Mayor Carlos Rodriguez Velasco, among others.

Mexico: Official Reports on National Addiction

96WB0017D Mexico City EXCELSIOR in Spanish 29 Dec 95 pp 27-A, 30-A

[Part I of series by Juan Gerardo Reyes]

[FBIS Translated Excerpt] The drugs most frequently used in the country at present are marijuana, inhalable solvents, and cocaine, with a considerable increase in the latter, particularly among the student population. However, alcohol and tobacco are the main problem, because of their repercussions on health, the economy, and society. These assertions were made Rafael Velasco Fernandez, the SSA [Health and Welfare Secretariat] mental health director, and technical secretary of the National Council Against Addiction.

Despite Mexico's efforts to prevent addiction, it would appear that the battle against the drug traffic has been lost, and the ideal of a "drug-free world" is utopian. It would be more useful to aim for a "world in which humans decide freely not to consume substances that destroy their freedom."

There are many thorny issues associated with this serious drug addiction problem and, while a sector of the population is inclined to favor legalizing drugs, Mexico is fighting in international forums such as the United Nations to consolidate its efforts to prevent addiction.

In the analysis, titled "Current Study of Addiction in Mexico," the author also states:

"Because of the implications associated with the drug traffic, illegal drugs represent additional risks to governments, while possibly even jeopardizing the stability of states, if not provoking friction among them."

He adds that, for the present, the great effort being expended by many countries, including Mexico, to combat drugs is not bringing the desired results. Drug consumption is continuing, and in some cases is spreading, as are the crimes associated with drug production and distribution.

For the Mexican Government, curbing drug consumption and fighting the narcotics trade have been a priority, to protect public health and to safeguard the national security and solidarity. Hence, there is an imperative need to reinforce the defense of all citizens' rights and society's civilized coexistence, both threatened by the drug traffic.

The physician noted that it was for this reason that the National Institute To Combat Drugs was created, as a decentralized technical agency of the Attorney General's Office. In his view, absolute control over the illegal drugs phenomenon is a goal that no country has attained to date.

He repeated that the activities in this respect are aimed, in general, at preventing drugs from reaching children and adolescents, without failing to deal with other causes of the demand, which are complex but not impossible to treat. [passage omitted]

He reported that the drug most often used is marijuana, followed by inhalable solvents and cocaine, with an appreciable increase in the latter during recent years, particularly among the intermediate school population.

He indicated that 80 percent of those who claimed to have smoked marijuana sometime during their lives have stopped doing so. Hence, the number of current users of this drug has declined to less than one percent of the student population.

On the other hand, 50 percent of cocaine users continued to consume it last year, and even last month, according to the survey; attesting to a greater active power of this drug.

These studies indicate a relative increase in the prevalence of active substance use on the part of the student population during the past 20 years. However, indicators of under one percent are still retained in the case of continued use of any such substance, except for alcohol and tobacco.

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In 1976, marijuana use totaled 1.9 percent, and was the illegal substance most sought by the adolescents of that period. Although now surpassed by inhalable substances, it has retained an average prevalence of 3.5 percent since 1978.

The status of cocaine is noteworthy, because it has shown the largest increments during recent years. In 1976 and 1978, its prevalence was 0.5 percent, but since 1980 it has increased to the point of being considered the third drug of choice by students, attaining a prevalence of 1.66 percent in 1993.

Moreover, with regard to the antisocial conduct associated with drug consumption, the studies establish the fact that there are significant differences between consumers and nonconsumers. The former commit three times more criminal acts, such as selling marijuana, using a weapon, committing robbery, etc. Nevertheless, 71 percent of male students who have experimented with drugs claimed not to have had any problems as a result. In the case of females, that percentage is even higher. [passage omitted]

Mexico: INCD Cites 1995 Achievement Figures

96WB0017E Mexico City EXCELSIOR in Spanish 21 Dec 95 p 30-A

[Article by Roberto Melendez and Rafael Medina]

[FBIS Translated Text] In what is considered "an unprecedented effort in the battle against the drug traffic," during the past year the National Institute To Combat Drugs (INCD) has seized over 84 tons of packaged marijuana, nearly 11,000 kg of cocaine base, 45 of opium gum, 33 of heroin, and 13.5 of hashish, with a total value of over $100 billion.

Reports obtained from the INCD, headed by commissioner Rene Paz Horta, specify that, during this period, the following also were confiscated: over 212,000 psychotropic pills, nearly six tons of ephedrine (a chemical precursor used for making amphetamines and for processing cocaine), slightly over 34 kg of poppy and marijuana seed, and various amounts of methamphetamine, methaqualone, and amphetamines.

In addition, according to a preliminary report on its activities, the INCD seized nine "decoy" airplanes carrying drugs, and 214 land vehicles, most of which were equipped with special compartments for transporting and concealing narcotics. It also confiscated 28 vessels, some of considerable capacity and tonnage.

As for arms confiscations, the authorities stressed that from 1 December of last year to date, 106 long-range and 66 short-range weapons were left at their disposal, as well as 6,000 useful cartridges, including some for AK-47 assault rifles, and hundreds of loaded magazines. They comment: "This proves the equipment capacity and violence with which the members of organized crime operate."

In the same document, they indicate that over $6 million in cash and nearly 114,000 new pesos were seized from drug dealers.

Moreover, 950 persons presumably linked with crimes against health were arrested, as were nearly 800 undocumented persons, the majority Central Americans. The number of "coyotes" [smugglers of illegal emigrants] captured also may be regarded as "significant."

It is emphasized that, as of 13 December, approximately 51,000 marijuana crops had been detected and destroyed on an area exceeding 5,000 hectares; as well as 28,000 poppy crops, covering an expanse of 2,800 hectares.

It should be mentioned that, apart from the preceding, personnel from the National Institute To Combat Drugs participated in "Operation United."

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El Salvador

El Salvador's Calderon: Arzu To Continue Integration Process

PA1801021996 San Salvador EL DIARIO DE HOY in Spanish 15 Jan 96 p 23

[Report by Victor Hugo Duenas]

[FBIS Translated Text] President Armando Calderon Sol has said the Central American integration process will continue with the election of Alvaro Arzu, the new president of Guatemala.

According to the president, Arzu's election will strengthen the integration process, since as he has stated, Arzu is a supporter of integration and unity.

"We believe that the Guatemalan people have had a good election, and the Central American presidents feel very pleased by his arrival, and proof of that is the attendance by all the heads of state at his inauguration," Calderon noted.

At the same time, he acknowledged the urgent need to end the armed conflict that has been raging for over 30 years in Guatemala.

"Peace in Guatemala is fundamental for all our peoples, and I feel that President Arzu has an enormous commitment to sign a peace accord in that nation," he added.

In addition, the president met with Alexander Watson, U.S. assistant secretary of state for inter-American affairs. During the meeting, Watson and Calderon discussed the problem of undocumented immigrants in the United States.

"Our country has close relations with the United States, and there will be a positive solution on this matter of protecting our faraway brothers," Calderon said. The two also discussed the topic of parity for Central America in the Free Trade Agreement. In addition, Calderon Sol met with Chinese Vice President Li Yuanzu to discuss foreign cooperation matters. Calderon Sol said that yesterday, after greeting President Arzu, Mexican President Ernesto Zedillo offered his strong support to area countries. This support will take shape during the meeting to be held in Costa Rica in February.

"We discussed the Tuxtla Gutierrez meeting and future accords on different areas that we may finalize at the Costa Rican meeting. President Zedillo showed a great deal of interest in them, as in increasing existing relations with each of the Central American countries."

On the matter of specific topics to be discussed, he said they included drug trafficking, safety for tourists visiting Mexico and Central America, and cooperation to prevent car thefts.

On the topic of commerce, Calderon Sol was precise: "We must review the general situation and by lifting barriers will be able to make commercial exchanges between Central America and Mexico more fluid, in order to have an exchange in two directions that will benefit all of us," he noted.

El Salvador's President Delivers Speech at Copaz Closing

PA2201201496 San Salvador LA PRENSA GRAFICA in Spanish 16 Jan 96 p 8A

[Address by President Armando Calderon Sol at ceremony closing the National Commission for the Consolidation of Peace (Copaz) in San Salvador on 10 January]

[FBIS Translated Text] Ladies and Gentlemen:

Almost four years have passed since the historic signing of the Chapultepec, Mexico, peace agreements, the most momentous and decisive event we have carried out as a country since achieving our sovereignty and national independence.

The end of the armed conflict, which brought suffering to Salvadoran society for more than a decade and shook the international community, has undoubtedly been our most outstanding victory in modern times using civilized methods, surmounting irrationality and violence with peaceful means and talks.

As Salvadorans, we feel very proud to have achieved peace and begin a new historic phase for our country, marked by rediscovering the roots of our national identity and the unshakable ideal of every generation, which is to make our dear El Salvador the homeland where peace prevails, justice shines, and democracy is a reality.

We understand more every day about how brave and daring we were to achieve peace and also how peace is not simply a philosophical ideal or an abstract figure but something so vital and real it becomes a substantial part of our lives, as a people and as a nation.

In our own appreciation, peace is the most precious asset that allows the coexistence of society in harmony and the nation to prosper. No effort or sacrifice is worth more than peace. The price we have paid for it will be widely compensated, because peace is the basis for democracy, progress, and freedom.

The time that has elapsed since that memorable 16 January 1992 has seen big political, economic, social, and cultural events in our country. It has also faced us with strong challenges, testing the strength of our character and the integrity of our patriotic convictions.

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The road we crossed has not been an easy one, and day by day the leaders and the governed have shared the responsibility of defending and strengthening the peace and reconciliation process, aware that we must consolidate democracy and promote the complete development of our people.

At this point, thanks to God and the efforts of all sectors in Salvadoran society, we have just about arrived at the final implementation of the peace agreements, as we have seen from our own experience and heard from the official statements by the UN secretary general, with the remaining unimplemented commitments scheduled for 30 April, always under UN supervision.

In that respect, we want to repeat the government's firm and irrevocable determination to conclude pending commitments, and we hope to have the cooperation of the other government bodies, all the sectors involved, as well as the good offices of the United Nations and the international community's support.

Allow us to point out an important historical aspect: When our people made the decision to end the armed confrontation and achieve peace, serious obstacles stood in the way that made it virtually impossible for the two sides to make progress in the peace process. The need arose, then, to create an entity that could substantially help the process and support both sides and help them make decisions.

Within that context, the top leaders of the political parties that had representatives in the Legislative Assembly back then made the historical decision to create "Copaz" with the goal of opening spaces and stimulating ways to agree between the government and the "FMLN" [Farabundo Marti National Liberation Front]

Once created, "Copaz" played an outstanding and crucial key role in the negotiating process, generating constructive political pressure and a climate of trust among the high leadership to overcome crucial points on the peace agenda and avoid stalling it.

Those of us who founded "Copaz," as the top representatives of the political parties, worked intensely both inside and outside the country. Our work consisted of serving as liaison and support between the two negotiating sides, settling opposing views, and promoting a healthy atmosphere of trust for the development of the process.

The previous speakers have rightly stressed the merits of and the significant contribution Copaz made both during the negotiating process and since the signing of the peace agreements. By its own merits, Copaz gained an excellent reputation and credibility, and it has successfully fulfilled the mission it was given in those critical moments of the pacification process.

Now, with full satisfaction of having fulfilled its mission, we are attending this official ceremony closing the activities of Copaz at the end of its mandate.

This is a good occasion on which to express our recognition of all the individuals who have formed part of the National Commission for the Consolidation of Peace and all the political institutions represented in it. We also wish to express our gratitude to the representatives of the United Nations and the friendly countries who have accompanied and continue to accompany us in the consolidation of peace and democracy in El Salvador.

When we set our eyes on the horizon, we foresee a promising future for the Salvadoran people. The peace we obtained with great sacrifice is the fundamental cornerstone of that future, and this is why we must protect our peace with utmost zeal and determination.

If in this historic phase we work with the same spirit and determination we showed within the pluralistic framework of Copaz, thinking and acting for the sake of the great national objectives, then the peace we are enjoying will surely result in better living conditions for all Salvadorans, especially the most needy.

Firmly supported by a state of law and the democratic renewal of the republic's institutions, we are going to face the great challenges the new international order brings and we are going to build a new El Salvador, where human development and respect as well as social equality will be the cornerstones of overall development for the benefit of the present and future generations.

Salvadorans, let us make 1996 the year of reconciliation!

El Salvador's FMLN Says Issues Still Pending With Accords

PA2101000496 San Salvador LA PRENSA GRAFICA in Spanish 15 Jan 96 p A-7

[FBIS Translated Text] The fulfillment of the peace accords that were signed four years ago, 16 January 1992, has reached the zenith in their implementation, and programs are in the home stretch. Leaders of the FMLN [Farabundo Marti National Liberation Front] are still demanding, however, the comprehensive fulfillment of the accords.

Retired General Mauricio Ernesto Vargas, presidential commissioner for implementation of the accords, has said the process has been completed, except for certain points involving the distribution of land and human settlements for displaced people and refugees in rural areas.

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"Reality has surpassed imagination after four years, and all the myths or stereotypes that emerged after the signing of the peace accord on treason to the fatherland, handouts, and gains (obtained by the FMLN) have disappeared," Vargas has said.

Meanwhile, FMLN General Coordinator Salvador Sanchez Ceren has said that compliance has advanced since the accords were signed in 1992 but that there are still issues pending implementation. These issues may endanger social and political stability that has been attained.

According to the latest information bulletin from MINUSAL [UN Mission in El Salvador], the land transfer global program reached 85.03 percent of its implementation from 20 December to 9 January, benefiting 30,843 people at a cost of 787.3 million colones.

Approximately 2,572 properties have been assigned with an extension of 120,811 manzanas. The data changed slightly last week.

The document, to which LA PRENSA GRAFICA has gained access, spotlights the pace for the granting of land titles, 1,094 of which were delivered just last week.

The mechanism to compensate landowners, the report added, has indicated a slight improvement in the present period. It was reported that outstanding payments were canceled in December. No figures were specified.

Vargas has ruled out the possibility that the process be reversed due to complaints from demobilized members, but he did not rule out measures of pressure from groups dissatisfied with the peace accords.

Sanchez Ceren has admitted the programs have advanced but has said some of them that have not been fulfilled, including ratification of constitutional reforms and other modifications, are key for the nation's future.

Other issues that have not been fulfilled are the reforms to the electoral system that guarantee openness and improvements in the legislative and mayoral elections scheduled for 1997 despite the fact they are nonbinding to the parties.

The land transfer programs and rural human settlements are the latest issues of the accords the implementation of which will be postponed until 30 April, the date on which the UN mandate in the country also expires.

Meanwhile, the National Commission for the Consolidation of Peace (Copaz), the organization that verifies compliance with the commitments, was canceled on 10 January at a ceremony attended by President Armando Calderon Sol, cabinet members, diplomats, politicians, and special guests.

According to the National Reconstruction Secretariat, 20.81 billion colones have been invested in the programs up to October, but an additional 753.2 million colones are needed to complete the program implementation stage. The cost of peace will total 21.566 billion colones.

Former President Alfredo Cristiani has agreed with General Vargas that the accords have reached the last phase of their formal implementation. He has recommended to the sectors, including civilians and other sectors of national life, to lead the country toward economic and social development.

"We Salvadorans share the common responsibility of continuing to intensify democracy and freedom in peace. I believe development could not be reached in absence of those factors," Cristiani added.

There are two programs that have derived from the peace accords: The reincorporation into society of 600 FMLN medium- and top-level leaders and the attention of minors in the FMLN. These programs have not been completely implemented although former guerrilla commanders have returned to civilian and productive life.

The first program, the cost of which reaches 75.9 million colones, consists of giving attention to 600 medium- and top-level FMLN leaders by means of systematic training in vocational and administrative areas. The program ended on July 1995.

Furthermore, support to business initiatives as well as credit and technical assistance were offered in order to begin the program.

According to a report issued by the National Reconstruction Secretariat (SRN) compiled up to 31 october, the program was divided into three categories, in accordance with the political level of each beneficiary. The levels are the following:

Category A included 138 beneficiaries who were granted a 2,400 to 3,500 colones scholarship for a training period with the possibility of a credit of up to 50,000 colones. A total of 179 people participated in category B, which has granted a 1,075 to 2,100 colones scholarship for a training period with access to a credit up to 40,000 colones.

Category C is the most numbered: 283 beneficiaries with a 300 to 1,075 colones scholarship with a credit for 30,000 colones.

According to the SRN document, the program foresees housing plans that are under the supervision of the Social Housing Fund. A special 30,000 colones credit line is available for the purchase, expansion, and renovation

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of houses. October records indicated that 19 people received benefits from this program.

Attention to Minors

The program of attention to minors was developed to facilitate the reincorporation of FMLN teenagers into educational or technical centers. These children were 15 or 16 years old when the peace accords were signed on 16 January 1992. They were excluded from the land transfer programs but were included in a special plan afterward, in accordance with a complementary accord between the government and the FMLN.

Approximately 152 minors were supposed to be placed in educational centers, but only nine participated in the program.

The program consists of registering them into public educational centers, facilitating their incorporation. They received a bag with school supplies and were exempted from school tuition.

Furthermore, the nine minors will receive food baskets with 20 pounds of beans, 10 lbs of rice, and five lbs of milk for six months. The baskets were sponsored by the SRN through the Food Program (PMA) under the National Family Secretariat.

Only 25 minors from Chalatenango and another eight from the rest of the country were included in the technical training and will receive food baskets.

El Salvador's FMLN Acknowledges Peace Accords Fulfillment

PA2201202196 San Salvador LA PRENSA GRAFICA in Spanish 16 Jan 96 p 35a

[By Bernardo Valiente]

[FBIS Translated Text] The FMLN [Farabundo Marti National Liberation Front] acknowledged yesterday that the peace accords are being fulfilled and that only 12 percent remains to be done to bring them to a conclusion. This position coincides with President Armando Calderon Sol, who affirms that the main agreements to be concluded are a package of bills and constitutional reforms that are in the hands of the Legislative Assembly.

Orlando Quinteros, leader of the FMLN legislative faction, described as a "victory" that in the seven years since the signing of the peace accords — which come due today — the war is irreversible, demilitarization of society has been intensified, reduction in the size of the army is in keeping with a view toward developing the country and investing more money in production than in weapons, as occurred in the past.

Quinteros acknowledged the existence of a new public security institution which has made progress and has weaknesses that must be overcome along the way, and that is why cooperation and political criticisms must be accepted.

Regarding the peace accords, President Calderon Sol repeated that they are almost concluded and what remains to be done is out of the executive branch's jurisdiction, because there are a number of bills and constitutional reforms that are being studied by the Legislative Assembly.

"What is in our hands is the distribution of land, a process which is being speeded up and which we hope to finish completely to comply with all the peace accords putting and end to this phase," the president said.

Calderon Sol stated that the accords are being fulfilled, keeping the promise made to the nation.

Quinteros pointed out that 12 percent of the accord remains to be completed, indicating that progress has been made on the land issue, and that a package of bill and constitutional reforms are still pending.

In addition, Quinteros assured that "the blemish on the face of the peace accords is the corrupt electoral system which has not changed and there is resistance to its change, threatening the 1997 election."

Guatemala

Guatemalan President Urges URNG To Extend Cease-Fire

PA2001163996 Guatemala City SIGLO VEINTIUNO in Spanish 19 Jan 96 p 5

[FBIS Translated Text] Given that peace is a priority for my government and although I had hoped that the URNG [Guatemalan National Revolutionary Unity] would not greet me with acts of violence, which have already claimed the life of an army officer, I urge URNG commanders to extend the cease-fire, because shots should no longer be fired in the name of the people, President Alvaro Arzu Irigoyen said yesterday.

The president made this statement during his first working tour to San Gaspar, Chajul Municipality in Triangulo Ixil, Quiche, where he met with the mayors. Arzu was accompanied by the ministers of health and education, the director of Fonapaz [National Fund for Peace], and the commander of Military Zone 20.

All Guatemalans want a peace agreement signed, and thus, we are willing to sign it this month if possible, but not one resulting from an irrational or illogical process with strict time limits, Arzu noted.

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As for changes within the Copaz [Peace Commission] membership which Vice President Luis Flores Asturias said would be revealed by Arzu yesterday, the president noted that an announcement will be made in two days, because all alternatives are being pondered.

Defense Minister on New Guatemalan Guerrilla Front

PA2001162196 Guatemala City LA REPUBLICA in Spanish 18 Jan 96 p 2

[FBIS Translated Text] Defense Minister Julio Balconi Turcios has reported that counterinsurgent units, as well as Guatemalan Army troops, yesterday started patrolling western Guatemala, specifically the Chimaltenango-Solola road, in order to combat the recently created Unitary Guerrilla Front [Frente Unitario de la Guerrilla], which intensified its actions this week.

"Army troops have been deployed to the areas where the latest armed confrontations have taken place in an effort to patrol this area and neutralize them," Balconi added.

The minister made these statements when asked about the latest confrontations, which have left officers, as well as troop personnel, wounded and dead.

The high-ranking military chief pointed out that the objective of this measure is not only to thwart the actions of the guerrilla units, but also to guarantee the peaceful travel of Guatemalans along this road, the Inter-American Highway, on which criminals and guerrillas have staged assaults.

The defense minister yesterday affirmed that they are aware of the creation of the Unitary Guerrilla Front, which, according to him, resulted from the merger of the three rebel groups that have operated in the country.

Guatemalan Minister on Establishing Civilian Security Forces

PA2001155496 Guatemala City PRENSA LIBRE in Spanish 17 Jan 96 p 2

[FBIS Translated Text] The establishment of the civilian security forces and the Mobile Military Police, PMA, will be completed within six months, Government Minister Rodolfo Mendoza reported yesterday. He indicated that the future Joint Command will consist of approximately 14,000 members.

Today (yesterday) we are going to hold a meeting with the minister of defense (General Julio Balconi Turcios) to make decisions in this regard and begin the unification as soon as possible, Mendoza stated, when interviewed at the National Palace at 1100.

He explained that the Joint Command will include 8,500 members from the National Police, PN; 1,500 from the Treasury Police, GH; and 4,000 from the PMA. According to the official, the Basic Law of the Security Forces establishes training, even at the university level, for the future offices as well as a salary increase.

Regarding the time for establishing the Joint Command, Mendoza estimated it will be established within six months. *The bill is going to be presented before the Congress of the Republic in the next three weeks, to later begin the process of restructuring that is expected to last about five months,* he explained.

However, the official remarked that the joint prevention and security work will begin a few days after the passing of the bill, which may take approximately four weeks, beginning today.

In addition, Mendoza stated that in the next few days, 4,000 PN officers will be hired, slots which were not included in the Government Ministry budget and which require an investment of 80 million quetzals.

Police Officer Career Created

The most important thing about the draft bill that will unify civilian security forces is that it creates the career of police officer, the high-ranking official noted.

According to Mendoza, to be able to obtain a slot in the PN, prospective candidates will require technical-university level academic training. Consequently, contact is being made with private and state universities of the country.

To be hired as a policeman, prospective officers will have to be accountants, hold a high school diploma, or be teachers, Mendoza concluded.

Honduras

Honduran President Names UN Delegate, Ponders Cabinet Shift

PA1901132296 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 17 Jan 96

[From the "Morning Paper" newscast]

[FBIS Translated Excerpt] President Carlos Roberto Reina has held a news conference, during which he reported that General Luis Alonso Discua Elvir, Honduran Armed Forces commander in chief, has been appointed Honduran delegate to the UN Security Council; admitted that there was some wrongdoing in the sale of Cementos de Honduras; and hinted that the cabinet may be reshuffled in February. Jose Danilo Izaguirre reports:

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[Begin recording] [passage omitted] [Izaguirre] The president was asked if the military had softened him up, in light of the fact that he appears to have yielded to them on so many things. President Reina confirmed that Gen. Discua Elvir will go to the United Nations.

[Reina] As for the military, the trend has always been to pit civilian against military power. We have empowered civilian authorities to the fullest extent possible. My experience with the men in uniform tells me that this will continue to improve. There are not two Hondurases, just two constitutional institutions with their own separate functions. Military attaches have been discussing matters related to their profession for a long time. There is no softening up. We have a state of law, something that is sometimes very hard to make others understand. [passage omitted]

[Izaguirre] Commenting on reports that Gen. Discua Elvir will be given a diplomatic appointment, Reina confirmed:

[Reina] Gen. Discua Elvir will be appointed to the UN Security Council. [end recording]

Navy Commander Cited on Protecting Honduran Water Rights

PA2201230096 Tegucigalpa LA TRIBUNA in Spanish 16 Jan 96 p 12

[FBIS Translated Text] Navy Commander General Bruno Giordano does not rule out the use of force to ensure that Honduran rights prevail in the Atlantic Ocean if the Nicaraguan Navy again enters Honduran waters. The militray official stressed: "If the use of force is necessary, the high command must adopt the decision at the right time." Likewise, he warned that nothing should be negotiated with the Nicaraguan authorities because "this is something stated in the Constitution of the Republic. Therefore, we must prepare to make prevail the sovereign rights that the Honduran state has entrusted to us."

"We should recognize that, as Hondurans, we must prepare to make prevail our sovereign rights as a state," he added.

Referring to the Sandinists' insistence that their jurisdiction extends beyond the 12th parallel, he commented: "What they say is one thing and what is stated in our constitution — which we defend and due to which we are an institution — is another thing."

"The 15th parallel has been the Honduran state's traditional limit with Nicaragua for quite a time," he stated after reasserting that, as an institution, "we have to prepare — in fact, preparations have been made — and we must reassure our divers, who live off the sea."

The military leader said that efforts to talk with the neighboring country's military and seek a solution have yielded nothing. "We sought at least an understanding with them, but it was useless. It was like throwing salt into the ocean." This latest action has proved they have no intention of seeking an understanding with us, he said.

Referring to this, he reasserted that "as Hondurans, we must prepare to defend what is legitimately ours. That is a duty we must fulfill as an institution. That is one way to make prevail the Honduran state's rights — parallel 15 degrees, 59 minutes, 8 seconds."

Honduran Supreme Court Rules Against Military Officers' Petition

PA2301031296 San Pedro Sula TIEMPO in Spanish 19 Jan 96 p 3

[Report by Vladimir Recinos]

[FBIS Translated Text] Magistrates from the Supreme Court of Justice decided to override a First Court of Appeals ruling yesterday and determined that First Criminal Judge Roy Medina is competent to know about the trial of several military officers accused of involvement in t! disappearance of several people.

Chief Justice Miguel Angel Rivera Portillo stated that by unanimity, "the decree had been overridden and, consequently, the amparo had been denied."

The nine magistrates held a prolonged session beginning 0900, in the morning, interrupted only when they stepped out of the session hall into the hallway for a lunch recess and to stretch their legs.

"We have not made an in-depth pronouncement, but only attempted to determine if the constitutional guarantees invoked by the appellant had been violated or not," Rivera Portillo stated.

Asked if the amnesty also includes the military officers, Rivera Portillo stated that "the Supreme Court of Justice believes that this is not the suitable moment to make a pronouncement on the issue."

"It has been clearly established as part of the summary proceedings that the judge has the jurisdiction to know about all the steps that have been initiated by the Office of the Attorney General. Once he has reviewed the facts, he is empowered to decide whether or not the amnesty decree applies," Rivera Portillo added.

Marco Tulio Alvarado pointed out that the three amparo files will be forwarded to the judge.

He explained that the judge, who has been granted "authority on account of jurisdiction and the issue under

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consideration," will continue to be responsible for the case against the nine accused by the Attorney General's Office.

Alvarado Crespo stated that "if during the investigation the judge were to decree that the crimes are of a political nature or somehow related, he will then have to rule for the corresponding dismissal."

However, if the judge's opinion is that it is not a political or related crime but that we are dealing with common crimes, the summary trial will continue its course and will dictate the corresponding sentence, either acquitting or condemning the accused.

Alvarado Crespo indicated that the decision "is a pedagogic sentence, and no traces of politics or intervention by any group will be found."

Magistrate Alvarado Crespo stated that "in its ruling, the First Appellate Court overstepped itself since it was not being asked to rule on whether or not the decrees included the military officers. With the amparo request the court was being asked to rule on whether or not due process had been violated. In other words, if Article 90 of the Constitution had been violated."

With the revocation of the ruling, the trials against General Amilkar Zelaya Rodriguez, Colonel Alexander Hernandez Santos, Col. Juan Blas Salazar, Col. Juan Evangelista Lopez Grijalba, Lt. Col. Julio Cesar Funez, Major Manuel de Jesus Trejo Loza, Captain Billy Joya, and Lieutenants Arnaldo Erazo and Jorge Antonio Padilla will now continue.

The Supreme Court ruling was announced by Magistrates Miguel Angel Rivera Portillo, Blanca Valladares, Jose Eduardo Gauggel, Edgardo Caceres Castellanos, Armando Hernandez Munt, Marco Tulio Alvaro Crespo, Dario Humberto Montes, Carlos Gomez Moreno, and Juan Murillo Duron.

Gomez Moreno and Murillo Duron were called on to replace Magistrates Jose Maria Palacios and Rigoberto Espinal Irias.

During yesterday's session, the magistrates also had time to rule on other issues such as Prosecutor General Edmundo Orellana's appointment, which they decreed had been made "in accordance with the law," even though he had been elected by the National Congress and not by the Supreme Court of Justice, as some lawyers have been claiming.

Nicaragua

Nicaraguan Cardinal Fears Protests During Pope's Visit

PA1701130596 Managua LA PRENSA in Spanish 16 Jan 96 pp 1, 14

[By Roberto Orozco B.]

[FBIS Translated Text] Cardinal Miguel Obando y Bravo has considered the possibility that radical groups may stage a repeat of the demonstrations of 1983 in front of the high altar that will be built in El Malecon for Pope John Paul II to deliver the sacred mass. "I am optimistic and believe that this will not happen. The people do not want to relive the painful events of 1983," Cardinal Obando said on 15 January.

The first time His Holiness John Paul II visited Nicaragua — in March 1983 — Sandinist groups led by members of the National Directorate interrupted the Holy Mass to demand that the highest-ranking Catholic leader pray for the "Sandinists who fell during the war of aggression." The pope did not give in to the political pretensions of the previous government and decided to suspend the mass, even though most of the Nicaraguan Catholics who had gathered in a downtown Managua square decried the political manipulation that left a bad international impression of our country.

Despite the cardinal's optimism about the pope's next visit — scheduled for 7 February — the Nicaraguan authorities in charge of protecting the sovereign pontiff have warned that there are "clear indications" that radical groups may want to "darken" the holy event.

Monsignor Bismarck Carballo has told LA PRENSA that the Catholic Church fears that radicals, sects, homosexuals, and university students will try to stage a spectacle similar to that of 1983. Students have affirmed that they will try to send a letter to Pope John Paul II, asking him to recognize their struggle to have six percent of the national budget allocated to universities.

National Police Chief Commander Fernando Caldera Azmitia hinted that he fears the students will interrupt the holy mass.

Cardinal Obando also affirmed after the Sunday homily that the details to welcome His Holiness are in their final stage. Nicaraguan Catholic priests will meet with the delegation that arrived from Rome on 15 November one last time in the next few days. Obando will officially open the Marian Eucharistic Congress on 1 February, which the Pope himself must close.

The cardinal refused to comment on the capture of five high- ranking leaders of the Departmental Committee of

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the Sandinist Front in Leon Department, saying: "I just learned of the capture. This is why I do not have hard facts to give an opinion."

"Some people believe that the Catholic Church will fear these actions; however, that is not the case. Approximately 2 million eyes will be watching the pope's arrival. His Holiness is well aware of events in our country: The Vatican has many antennas. John Paul II is very excited about visiting our country despite it all," Cardinal Obando maintained.

Nicaragua's Ortega Alludes to 'Plot' During Pope's Visit

PA1701130796 Managua Canal Cuatro Television in Spanish 0400 GMT 16 Jan 96

[From the "Extravision" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Former President Daniel Ortega made clear the FSLN's [Sandinist National Liberation Front] position today with regard to investigations into the bombings, the pope's visit, and allocating six percent of the national budget to the universities:

[Ortega] "A policy to tarnish our image in an election year is clearly being exercised. This policy is working against this country's main political force. Objectively speaking, ours is a political force that could win the upcoming elections. I repeat: There is a plot to harm the FSLN."

Ortega will meet Cardinal Miguel Obando y Bravo and the apostolic nuncio on 16 January on the FSLN's position regarding the pope's visit:

[Ortega] "We obviously want this visit to bring hope to the Nicaraguan people and to help them achieve the stability that they want so badly. However, we are worried about the atmosphere surrounding the pope's visit. It is an atmosphere of insecurity and restlessness. There has even been talk about a plot to sabotage His Holiness' visit."

The Sandinist leader said that bombing churches is one element of the plot to tarnish the FSLN's image:

[Ortega] "We will denounce such actions and demand that the police truly investigate to identify the perpetrators and, above all, the masterminds of these attacks. Clearly, political leaders who reject the FSLN and democracy and who are muddying our country's electoral process are behind the bombings."

The national police have yet to identify the perpetrators and masterminds eight months after the first attack on a Catholic church. The FSLN secretary general said that his party is willing to help the authorities find those responsible:

[Ortega] "We want the police to know that we are willing to help in this investigation. All FSLN members and sympathizers are at the disposal of the national police to solve these criminal acts and to prevent them. Thus, it is up to the police to establish the appropriate coordination with FSLN bodies to make this a reality. We are willing to help."

He also urged the government to call a truce with groups protesting the pope's visit:

[Ortega] "The government should call a truce with the people and end its massive persecution of popular sectors. The government has repressed those who have just social and economic complaints on the pretext of the pope's visit. The government should call a truce with students and the university community and solve the six percent problem. To avoid helping those who are truly destabilizing this country, the government, and the Government Ministry, we call on the government to ensure that these just protests, which stem from social problems, and will continue as long as these problems persist...[pauses] As for these just economic and social protests in February, in early February — the pope will be here on 7 February — we are certain that those who are protesting will be careful to ensure that it will not be charged later that this was part of a plan to spoil the pope's visit."

Report Details Election of Nicaraguan Assembly Board

PA1501024596 Managua EL NUEVO DIARIO in Spanish 10 Jan 96 pp 1, 8

[FBIS Translated Text] Many masks came off yesterday at the National Assembly (AN) as Daniel Ortega, Alfredo Cesar, Luis Humberto Guzman, Fernando Zelaya, Francisco Rosales, and Rene Ruiz Quezada negotiated the conditions the executive demanded to support the FSLN [Sandinist National Liberation Front]-government-UDC [Christian Democratic Union] ticket on the new National Assembly Board of Directors.

Once the Reflection and the Sandinist Unity Faction (BUS) blocs united with the Orthodox bloc of the FSLN and supported the UDC's ambitions of reelection, the bargainers agreed to support the government in the following points in exchange for sweeping the MRS (Sandinist Renewal Movement) from the board of directors:

a) The presidency of 12 commissions for government deputies, particularly the Economic Commission, which will deal with the tax code on the people and the issue

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of the 6 percent denied to the universities; the Foreign Affairs Commission; and the Justice Commission.

b) To delay, as much as possible, the election of the new comptroller general so as to extend Arturo Harding's term in that post.

When everyone thought the Social Christian leadership in the AN had come to an end, amid serious accusations of squandering and exaggerated expenditures in certain directions, Cairo Manuel Lopez decided to run for reelection against Eduardo Paladino and Hernaldo Zuniga. Even though Lopez garnered fewer votes than Paladino, he made an arrangement with the government and the orthodox Sandinists to promote his candidacy with a progovernment ticket and a pact that hog-ties the AN.

The MRS deputies maintained their unity and identity, rejecting any formula that would jeopardize the future of the AN, even if the price was not to hold any post on the board of directors.

The Conservative Popular Alliance [APC], led by Miriam Arguello, and the Independent Liberal Party, along with the MRS, always supported maintaining the AN's independence.

Reynaldo Antonio Tefel said "we have won on two occasions by losing. Once was during the 1990 general elections when Nicaragua won with the defeat of the FSLN, because it won a chance for peace and a new democratic alternative. Unfortunately, a neoliberalist government was installed. Now, the MRS won by losing, because an alliance between the government and the orthodox Sandinists has become obvious, and so has the identity of the MRS as the people's renewal party."

Tefel, who was the first vice president of the outgoing board of directors, said his bloc will never abandon the legislative work, "and by not holding any posts on the board of directors, we will have more time to devote to the electoral campaign and be able to build a democratic alternative in Nicaragua against the three current authoritarian options: Pronal [National Project], Arnoldo Aleman, and the orthodox Sandinists."

The estimates made by several media have turned out the other way around, because there were surprises in store and even "tricks" by a group of government deputies who voted twice, a point which has forced the special board of directors chaired by Domingo Sanchez Salgado to annul the vote. This is how Hernaldo Zuniga was put out of the game at the very beginning.

When Zuniga, a distinguished and educated man, spoke to the plenum, he declined his nomination (so as not to run for the next vote) and asked that a careful assessment be made to choose the most qualified person as the AN president.

The session began at 1030 in the morning. Everyone was on the lookout for the results, and many would have bet "their own lives" that Eduardo Paladino, of the APC, was going to win the first round (an election that was annulled because of the tricks played by government deputies).

The first vote took place at 1235 and Zuniga garnered 21 votes. It was learned a minute later that Paladino had garnered 42 votes, and Cairo Manuel Lopez received 32 votes at 1238.

This vote posed the possibility that there might be a runoff election, just as EL NUEVO DIARIO published it yesterday, but there was pressure, and a recess that lasted until 0425 was requested. During this interval, there were new bargains and meetings behind closed doors, and even the government representatives arrived.

The coalition between the Reflection and the BUS blocs and the Orthodox bloc became obvious. Deputy Leticia Herrera was among those surprised and even told several reporters, including Jose Esteban Quezada, that Julio Marenco had told the plenum on several occasions that he would never even try to speak to the FSLN. According to several photographers, Daniel Ortega called him during yesterday's meetings behind closed doors, however, and he left faster than lightning. In addition, Marenco was the only director whom the reporters cheered. Julio has been one of the closest deputies to the reporters. Thus, as the session resumed, amid jokes and "Chaguitillo's" stern requests for deputies to refrain from smoking and "to behave as fathers of the motherland," and after lunch was served to the deputies and reporters, the election continued.

At 0425 in the afternoon, as Paladino's candidacy was submitted to a vote, he only obtained 39 votes (he needed at least 46). At 0445, the AN already had a new president, Cairo Manuel, who garnered 53 votes, which were later reduced to 52 by the provisional board of directors. This was done, because Jose Enrique Siles voted for both Paladino and Lopez, as the government deputies did during the first vote, and his vote was annulled.

Social Democrat Adolfo Jarquin Ortel, who garnered 52 votes, won the first vice presidency, while MRS Deputy William Ramirez only obtained 33 votes.

Edmundo Castillo Ramirez, of the independent bloc, who garnered 59 votes, won the second vice presidency. When the vote was over, "Chaguitillo" said on the microphone that Castillo Ramirez scored an "easy victory."

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Deputy Magdalena Ubeda was going to run against Castillo Ramirez, but she declined and said she would accept any post on the board of directors, "but she could not explain to her electors, who are quite resentful about politics, why she obtained votes from the FSLN; thus, I decline from now. [closing mark as published]

"When I return to my people, I want to arrive shouting as the warring maiden: I was untarnished when I left my hometown, and I am still untarnished now that I am returning."

Doris Tijerino was reelected to the third vice presidency with 52 votes. Victor Manuel Talavera, who was to compete against Doris, did not even make the roster. Also reelected was Jaime Bonilla to the post of first secretariat with 58 votes. Julio Marenco was elected second secretary with 54 votes, beating Conservative Nicolas Bolanos who only garnered 32 votes. Alvin Guthrie won the third secretariat on behalf of the government group with 60 votes. All these votes were from the orthodox faction and the government.

At 1755, Acting President Domingo Sanchez swore in the new board of directors, which on 9 January is to begin the 12th legislature during a solemn session where President Violeta Chamorro will deliver a message to the legislators.

Daniel Ortega Comments on New Nicaraguan Assembly Board

PA1401164396 Managua Canal Cuatro Television in Spanish 0400 GMT 10 Jan 96

[Interview with Daniel Ortega Saavedra, secretary general of the FSLN, by unidentified reporter; place and date not given — from the "Extravision" newscast]

[FBIS Translated Text] According to observers, the stubbornness of Dr. Sergio Ramirez Mercado led to a poor negotiation, the result of which was the parliamentary defeat of the MRS [Sandinist Renewal Movement] in the National Assembly today.

The secretary general of the FSLN [Sandinist National Liberation Front], Commander Daniel Ortega Saavedra, talks in this interview about the new board of directors of the National Assembly and its implications for this electoral year.

[Begin recording] [Ortega] I believe the objective of electing representative board members from the various political forces was achieved. Of course, we worked for an even greater representation, but our proposals were not heeded even though we said we were willing to give up our representative in the board of directors in order to achieve a greater participation.

[Unidentified reporter] Who did not heed your call?

[Ortega] There were political forces who disagreed with our proposals. We made a final effort with the MRS, for example, because we wanted the unity of the forces that identify themselves as Sandinists. They met, there were positions in favor of our proposal, but the position of not supporting the FSLN finally prevailed.

[Reporter] The MRS says there was an alliance today among the FSLN, the government, and the PLC [Constitutional Liberal Party]. Do you really believe this is the case?

[Ortega] There has been no alliance with the government or the PLC. First, the PLC candidates were all nominated. You heard their names when the PLC nominated their candidates. The government was later defeated when Dr. Hernaldo Zuniga lost.

[Reporter] [Words indistinct]

[Ortega] The government's vote was later divided. Rather, it was not the government's vote because of the deputies who were actually voting for Zuniga, some were government deputies and some were antigovernment deputies. I can mention Dr. Edmundo Castillo, for example. No one can call him a progovernment deputy, but he voted for Dr. Zuniga. Castillo was later elected to the board.

[Reporter] Do you believe the balance of forces seen today marks a course for this electoral year inside the National Assembly or for possible electoral alliances?

[Ortega] I think so. The effect will especially be felt in the National Assembly. We must bear in mind that the National Assembly needs a maximum of stability in an electoral year so that it can face the problems it inherited from the previous assembly board, the one that closed its legislative period in 1996. I am talking about the 6-percent problem, for example. That is a hot issue. The new National Assembly and its board of directors must find a solution to this problem, taking into account the demands made by the university students and community. [end recording]

Nicaraguan Movement Head Rejects Ortega's Dialogue Offer

PA2001165796 Managua BARRICADA in Spanish 19 Jan 96 pp 1, 12

[Report by Freddy Garcia]

[FBIS Translated Text] Renewal Movement President Sergio Ramirez Mercardo eliminated yesterday any possibility of establishing a sensible dialogue to seek an agreement within the Sandinist family, in response to

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an invitation issued by FSLN [Sandinist National Liberation Front] Secretary General Daniel Ortega Saavedra on Tuesday.

Hours earlier, Reynaldo Antonio Tefel, also directorate member of the Sandinist Renewal Movement [MRS], said they were preparing "a positive reply for the Nicaraguan people."

However, Ramirez read, before a large group of journalists, a declaration *declining* the FSLN proposal to "seek an understanding, accords, and political alliances with the MRS."

Ramirez said he wanted to be respectful in his reply, and he explained that this is why he used the term *decline* [declinar]. However, according to the 1991 edition of Oceano I Illustrated Encyclopedic Dictionary, to *decline* means to bend, weaken, lose your health, intelligence, and riches, reach the end of something, change the nature of things or customs until you reach the opposite extreme.

The author of *Charles Atlas Also Dies* has systematically closed all the doors to an agreement with the FSLN, given the insistent demands from the journalists, who asked him in many ways if there was any possibility of holding a dialogue between the two parties.

In fact, he said the MRS faction already had its own legislative agenda, adding that they would only agree to support the FSLN faction if it was favorable to their own interests.

He also ruled out the possibility of talking with the FSLN about ethical issues within the electoral campaign. He said talks would only be possible upon the invitation from the Supreme Electoral Council and only at the organization.

Ramirez believes the MRS must build up its own electoral strength through alliances that are being forged with other political groups, including the Independent Liberal Party, the Social Democratic Party, and the Christian Democratic Unity, because "he does not want commitments with the past, only with the future."

Ramirez stated *a priori* the FSLN cannot change its concepts based on the current situation, when ruling out the possibility of exchanging views between the two groups, in a sensible dialogue, as Ortega proposed.

The FSLN secretary general's letter to Ramirez pooposes that they seek "agreements for the sake of an electoral process that becomes an example of civic-mindedness and is for the welfare of the people and the nation."

Panama

Panamanian Minister Comments on Mexican President's Visit

PA2001183696 Mexico City NOTIMEX in Spanish 2110 GMT 18 Jan 96

[FBIS Translated Text] Panama City, 18 Jan (NOTIMEX) — Panamanian Foreign Relations Minister Gabriel Lewis Galindo today said that the visit Mexican President Ernesto Zedillo will make to Panama in February could contribute to boosting Mexican investments in this country.

Lewis told NOTIMEX that Zedillo's visit to Panama on 13 and 14 February "could help make Mexican investments in Panama acquire more significance in the years to come. The main businesses in which Mexican investors have invested in Panama are concentrated in the cement and road construction sectors.

Mexican capital will take part in the construction of a highway that will join this capital with Colon, on the Atlantic coast, as well as in the construction of several access roads in Panama City to reduce traffic jams.

The foreign minister pointed out that the Mexican president's visit is significant for the country because of Panama's interest in getting closer to NAFTA. The Central American nations have voiced their interest in joining NAFTA, of which Canada, the United States, and Mexico have been members since 1 January 1994.

The countries of the northern Central American triangle — namely, El Salvador, Guatemala, and Honduras — as well as Nicaragua, are negotiating a free trade agreement with Mexico. So far, Costa Rica is the only nation in the area that has a bilateral agreement of this sort with Mexico.

Last week, the Mexican-Panamanian Binational Permanent Commission held its first meeting in the Mexican capital. It was chaired by Omar Jaen, Panamanian deputy foreign minister, and Juan Rebolledo Gout, Mexican foreign affairs under secretary.

Mexico's commitment to support the project to establish a multilateral center in this capital to fight drug trafficking and related crimes is one of the most prominent agreements the two parties achieved during this meeting.

In the meantime, Panama committed itself to submit to Mexico a plan to pay its oil debt, which exceeds $100 million, "with the resolve that the direct negotiations could end by February 1996."

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Panamanian President Rejects Struggle Over Amnesty Bill

PA1601164796 Panama City LA PRENSA in Spanish 15 Jan 96 p 3A

[Report by Ibeth Vega G.]

[FBIS Translated Text] President Ernesto Perez Balladares has assured that there are no internal struggles within the Revolutionary Democratic Party (PRD) due to the amnesty issue.

"In any democratic organization, as ours is, there are differences of opinion and concepts that are perfectly admissible," Perez Balladares stated. He also reiterated, "that does not mean there are conflicts."

On 20 January, the PRD will conduct a political evaluation of the amnesty bill, which has already been approved by the Legislative Assembly during its first as well as second debate and which does not enjoy the full support of the chief of the executive branch.

Following the approval of the document, Perez Balladares ordered a political and legal evaluation of the amnesty bill proposal on the assumption that the legislators "failed to respect the agreement that had been made."

The president said that he had requested a group within the PRD to analyze the political facet of the document while the presidency's legal advisers were entrusted with evaluating the legal aspects.

Perez Balladares is awaiting the results of these two evaluations in order to decide whether to veto or support the amnesty bill.

"First of all, our agreement had been to discuss the proposal as extensively as possible with all groups interested in the issue such as the church, civilian organizations, and civic associations. Evidently, that part of the agreement, at least, was not honored, since the document was approved, as you journalists tend to say, in the wee hours," the president said.

He added that he would review the amnesty to determine whether it meets all legal requirements for individuals who have been found guilty of crimes, embezzlements, and robberies.

"I believe this would be a false message to society. I believe that some individuals who have been accused in cases where pardons have already been granted could be included," Perez Balladares pointed out.

The president announced that, likewise, the legal advisers must also determine if the project can be reassessed in its third debate at the start of the new legislative period.

Head of Panama Canal Transition Commission Takes Office

PA2001025896 Panama City LA PRENSA in Spanish 19 Jan 96 p 5

[Report by Fanny Gutierrez]

[FBIS Translated Text] Yesterday, Foreign Minister Gabriel Lewis Galindo swore in former Panamanian Foreign Minister Jorge Eduardo Ritter as executive director of the Transition Commission for the Transfer of the Panama Canal [CTTCP]. Ritter will coordinate the transfer process with his U.S. counterpart.

Ritter stressed that this appointment formalizes the last phase, which is the approval of the Charter of the Interoceanic Region Authority by the Legislative Assembly. Later, the members of the board of directors will be designated to thus complete the harmonious transfer of the canal.

Foreign Minister Lewis Galindo said that the government "is ready to administer the Panama Canal," although — he added — there are still many tasks pending, including the codification of U.S. laws that must be adapted to the Panamanian legislative system.

Ritter pointed out that the preparations for the transfer of the Panama Canal are at a very advanced stage and that Panamanians are prepared for the date at which the total transfer takes place, as stipulated by the 1977 Torrijos-Carter Treaties.

One of the most significant changes has been the installation of the CTTCP in the facilities of the Panama Canal Commission, which Ritter described as "a symbolic step that will contribute to the smoother progress of the transfer, since it is much better to coordinate details from within."

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Argentina

Daily Views Argentine Army Head's Style, Support 'Team'

PY1601163096 Buenos Aires CLARIN in Spanish 12 Jan 96 p 10

[From the Friday "Contact" column by Natalia Blanc and Veronica Bonacchi: "The General Now Has Someone To Look After Him"]

[FBIS Translated Text] There is a team of more than 20 officers behind the figure of General Martin Balza who look after the Army commander's image. They are the cornerstone of his discourse internally to the garrisons and externally to society via the media.

In order not to forget any front, the team of the General Secretariat of the Army, which is under Balza's direct command, includes not only military personnel with university degrees, but also civilians who work together with the officers as advisers. There are lawyers, sociologists, and people who have a BS in Public Relations who contribute their viewpoints and who are charged with drafting the opinion tests [preceding word in English] that the Army carries out behind closed doors.

Under the command of General Ernesto Bossi, this secretariat is divided into three departments: Strategy, Institutional Communications, and Media. There is also a group of persons who carry out "liaison" (in political circles they are known as lobbyists) with Congress and the Defense Ministry, among other organizations. The secretariat's work includes the most dissimilar factors, and it must collect information related to the Army's interests on subjects ranging from the reduction of the military budget to the decisions of ministers and congressmen.

An Office With Epaulets

In these democratic times, the Strategy Department is charged with outlining the Army's policy, but always as related to the community. The Institutional Communications Department's objective is that of transmitting headquarters decisions to the lower ranks.

The Media Department, which is comprised of Colonel Eduardo Alfonso and Lieutenant Colonel Gustavo Gorriz, collects information from all newspapers; drafts the agenda of interviews; and, together with the other departments, drafts speeches. The three departments work together on the proposals, but Balza has the final word.

Despite the vertical structure of the Army, the meetings with Balza are informal and on-going, and this is not only because their offices in Libertad Building are separated by one floor. They prefer to keep a low profile. Because of its tradition for secrecy, the Army is not interested in making known how many people work on looking after Balza's image and how and why they do it. They stress that they are working for the Army's interests and not for personal aspirations.

Balza does not seek only the support of his Libertador Building team; when a topic extends beyond their resources, they call in civilian advisers. This institution prefers Rosa Julia Bellizi, a sociologist who has specialized in public relations, who has worked for the Army since 1968 as a teacher at the Superior War School. She is not the only woman who takes on this task, however. The team of advisers also includes several other women.

The military personnel themselves acknowledge that the Army resorts to these external advisers to avoid having "a laboratory type of communication." But these consultations are not very frequent. The team that looks after Balza's image prefers not to share what they call a privilege of the epaulets.

Argentine Secretary Comments on Tax Collection, Evasion

PY1601213996 Buenos Aires TELAM in Spanish 1616 GMT 16 Jan 96

[FBIS Translated Text] Buenos Aires, 16 Jan (TELAM) — Finance Secretary Ricardo Gutierrez today denied that his department had problems meeting December's tax collection goals. Gutierrez also denied reports on tax collection difficulties in January and new budget cuts.

"The report is absolutely false. Collections during December exceeded estimates by 2.7 percent. It was a good month. Everything indicates that from now on we will face continued growth in this area," the secretary emphasized.

Gutierrez talked with reporters at the Economy Ministry. He admitted that evasion in the area of personal assets tax tops 50 percent and that a similar percentage of shops evades the payment of VAT on sales.

"Today, one in every two shops evades the payment of the VAT," the official complained.

The finance secretary sharply rejected a report published by a Buenos Aires daily according to which his department will have difficulties meeting January tax collection goals.

"That report uses the wrong figures to reach the wrong conclusions. The report was published by AMBITO FINANCIERO. The authors handled the information in an absolutely wrong way," Gutierrez said.

"We will collect as much as was estimated in the budget. We are working on that goal," the secretary added.

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Gutierrez said that "the DGI [General Directorate of Taxation] is passing the word to the zones, the regions, and the agencies so that everyone — the DGI as well as customs offices — become aware that they must reach certain goals," Gutierrez said.

The head of tax and social security collections in Argentina said that his department has implemented an "computer dragnet operation" seeking to reduce the rate of personal asset tax evasions in the country, adding that the government thinks evasion in this area is the worst.

"We think the highest level of evasion in Argentina is concentrated in this area," Gutierrez said.

The secretary explained that any Argentine citizen who owns assets worth more than 100,000 pesos should pay personal asset taxes, which amounts to 0.5 percent per year on the value of his assets. For instance, an individual owning assets worth 200,000 pesos should pay 500 pesos a year for this tax.

Gutierrez complained that "despite all, there is a high level of evasion in this area and we are comparing the information of all registries to locate people's assets and call them, invite them to pay their obligations at the DGI."

With respect to the $200 million in budget cuts announced last week, Gutierrez said that the 1996 budget cut "was equitably spread" among ministries, touching only 0.56 percent of their appropriations. These cuts seek to maintain a permanent fiscal balance, the secretary added.

"This is a presidential decision. We will not incorporate any new spending unless the financing of that spending is clearly identified," Gutierrez said.

Asked about future spending cuts, Gutierrez said: "Right now we are not anticipating any. Our efforts will be directed to fight evasion in order to collect all we need."

"We also think that it will be very important if Congress approves the state reform bill. It will help us because we want to revise all the state structure where we can make important spending cuts. It will also help us make the administration more efficient," Gutierrez added.

The secretary concluded by saying that "all Argentine citizens should ask Congress to speed up a decision on the matter."

Economy Minister Forecasts Growth in Argentina's GDP

PY1801220796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1130 GMT 18 Jan 96

[FBIS Translated Text] Buenos Aires, 18 Jan (NA) — Economy Minister Domingo Cavallo has forecast that Argentina's GDP will grow by approximately 8 percent as of this year, thus resuming the growth levels recorded during the first stage of the Convertibility Plan.

Cavallo asserted that there will be an upswing in economic activity in 1995. This will be instrumental "in proving that we are on the path of clearly vigorous growth, similar to the one we experienced between 1991 and 1994."

In addition, the head of the Economy Ministry was confident that "in February or at the beginning of March," Congress will enact the law that will enable the executive branch to undertake the second state reform.

Cavallo made these remarks following the signing of a collective bargaining agreement between SMATA [Union of Mechanics and Related Automotive Transportation Workers] and the automaker FIAT at the Labor Ministry. The economy minister further stated: "We see a general disposition to cooperate with the executive to ensure a balanced budget in 1996."

Labor Minister Armando Caro Figueroa, Industry Secretary Carlos Magrinos and SMATA Secretary General Jose Rodriguez were also present at the signing ceremony at the Labor Ministry.

Cavallo defended the current economic policy noting that "reports from investment banks and firms of consultants that have been recently released rate Argentina as one of the most successful countries in the world."

The economy minister recalled an article published in a German newspaper reporting that "Argentina is one of the five countries in the world that could sign a monetary agreement with the EU because it meets the requirements set forth in the Maastricht Treaty."

Cavallo also commented on the report disclosed by Bear Sterns consulting firm in which it points out that Argentina is a model of growth for other countries.

The minister stressed that "although the year 1995 was very difficult, we could prove that Argentine economic policy and organization are strong."

Cavallo added: "This means that economic growth will resume during 1996 and therefore, it will be conclusively proven that we are on the path of clearly vigorous growth, with annual growth rates of approximately 8 percent."

The minister went on to say that "the main task" ahead of the Menem administration is to transform economic growth into more jobs."

In concluding, Cavallo commented on congressmen's stance of the bill to grant special powers to the executive to cut spending and modify taxes.

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The minister in charge of the economic portfolio said: "We see a general disposition to cooperate with the executive to ensure a balanced budget in 1996."

To that effect, he declared that the Menem administration believes that "the necessary laws will be voted through either in February or at the beginning of March."

Argentine Pharmaceutical Group Discusses Patents Issue

PY1501125596 Buenos Aires TELAM in Spanish 2311 GMT 11 Jan 96

[FBIS Translated Text] Buenos Aires, 11 Jan (TELAM) — Entrepreneurial sources have stated that representatives from Argentine pharmaceutical laboratories today met Cabinet Coordination Under Secretary Fernando Garcia Pulles, seeking to achieve a consensus on the regulation of the Patents Law.

Santiago Ballesty, Cooperala (Cooperative of Argentine Pharmaceutical Laboratories) [Cooperativa de Laboratorios Argentinos de Especialidades Medicinales] executive director said: "This is a historical encounter. For the first time in four years the executive branch is listening to us and has agreed to negotiate."

The Cooperala executive director noted that the two-hour meeting with Garcia Pulles "is a positive change and shows the need to find a solution through talks and negotiations to overcome this problem."

Ballesty noted that a four-point list, drawn up by the government shortly before the start of the meeting, was discussed.

He said the first point involved retroactive payments on patents on products that have been manufactured, imported, or marketed in Argentina for a long time.

Ballesty explained: "Retroactive payments of royalties [preceding word in English] already have been ruled out. Payments will only be made to the owners of inventions patented as of 1 January 1995, as established by the GATT."

The second point involves a transition period. Cooperala also based its stance on the GATT measures which establish a 10-year period prior to the payment of royalties.

Ballesty pointed out: "No one has to pay any royalties in Argentina before 2000."

The third point involves complementary imports. Here agreement was also achieved.

Ballesty emphasized: "Any authorized person may purchase a legally-imported product outside our country and subsequently introduce it into Argentina for sale."

Ballesty noted that the fourth point, involving compulsory licenses, was more difficult to solve.

Cooperala wants patent owners to authorize well-equipped laboratories to manufacture and sell their pharmaceuticals at competitive prices after paying some type of royalty without having to import them.

According to GATT, all products can be sold, regardless of their origin.

Ballesty expressed the need to compel domestic and foreign laboratories to manufacture their products in our country, as happens with the automobile industry.

The Cooperala executive director noted: "If any concessions are made on this point, not a single pharmaceutical company will remain alive within five years. Multinational companies will leave our country. They will merely leave an office here."

Ballesty emphasized that the pharmaceuticals industry involves about $3.5 billion per year (in products leaving the plants) and provides employment for about 40,000 people, including employees, technicians, professionals, and workers.

Ballesty noted that barely 5 percent of pharmaceutical products are currently imported, the other 95 percent being manufactured in Argentine territory.

Ballesty explained that following the discussion of these points, a written report which includes Cooperala's stance will be presented to the executive branch. He said it is also necessary to continue these meetings. Additional meetings have been scheduled for the coming weeks.

Cooperala's stance follows that supported by the Argentine Industrial Center of Pharmaceutical Laboratories (CILFA), which groups the main domestic laboratories.

The Cooperala executive director said: "It does not seem wise to us to leave in the hands of an economic group the possibility of exhaustively exploiting a discovery in the health area, especially in a free market like the Argentine market."

Argentine Pharmaceutical Group Wants 'Compulsory Licenses'

PY1801161896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2244 GMT 17 Jan 96

[FBIS Translated Text] Buenos Aires, 17 Jan (NA) — The Argentine Industrial Center of Pharmaceutical

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Laboratories (CILFA) today championed the possibility of local companies being able to use patents through compulsory licenses when patent owners refuse to negotiate their exploitation.

Using as a supportive element a European court ruling — which states that refusal by a leading company to issue a license on an intellectual property right could represent an abuse — local laboratories began a new round [preceding word in English] in their bout with their foreign colleagues over the patents issue.

The center presided over by Pablo Challu championed Article 45 of the law voted on in Congress which introduced a clause on compulsory licenses. This article was subsequently removed from the regulatory decree on the patents law issued by the executive branch. The removal has been rejected by Argentine pharmaceutical laboratories.

Challu noted: "It is appropriate to issue compulsory licenses to third party which, having offered a contract agreement to a patent owner with reasonable trade terms and conditions, do not receive a license — due to the patent owner's rejection or silence — within a period of 150 days."

By championing compulsory licenses, Argentine laboratories seek to prevent multinational companies from refusing to approve the exploitation of pharmaceutical formulas within the legally established period.

CILFA believes the European court handed down a ruling "that fully agrees with the criteria used for the Argentine patents law, authorizing compulsory licenses. This is a point on which Argentine congressmen and some multinational laboratories disagree."

Challu emphasized: "Those multinational laboratories that are against this type of license should now ask the EU court for an explanation on the compatibility of this standard with the GATT- TRIPs agreement."

Economists View Argentine Economic Crisis

96SM0042A Buenos Aires CLARIN in Spanish
20 Dec 95 pp 18-19

[Commentaries by economists Jorge Schvarzer and Miguel Angel Broda: "The Economy One Year After the Tequila Effect"]

[FBIS Translated Text] **Jorge Schvarzer: Still Walking the Tightrope**

The sudden, intense crisis that the Argentine economy underwent in early 1995 was a surprise to many. The easiest explanation was that it was part of the ripple effect from the Mexican crash in early 1994. This is a half-truth: although the fuse was lit over there, the explosive charge was already in place on the local scene.

There were some quaint elements to the crisis that explained and conditioned it. What is more, the basic causes of the problem still exist, in spite of the changes that have been made, and remain as future risk factors a year after the sudden jolt. The difficulties stem from the convergence of two negative variables in the Argentine economy, one in the financial sphere and the other in production.

The problem in finances is obvious: Argentina is heavily dependent on short-term capital movements in the world economy. This is due to the shattering of the basic relationship between balanced payments and the nation's capacity to generate genuine foreign exchange (via exports). The indiscriminate "opening" that was brought about means that we must obtain funds to balance the accounts, inasmuch as there are no limits on foreign-exchange expenditures, and since we do not have enough long-term credit available for such an adjustment. It is this basic plank in economic policy that forces the accounts to depend on "fair-weather" funds, the continued inflow of which is filling the gaps and disguising the no less continuous outflow of the funds that had entered previously.

Outflow of Funds

The Mexican crisis showed the fragility of this option. It triggered a hasty outflow of funds all over the continent, but it was worse in Argentina than in other countries because of our heavier dependence on them. This outflow was offset over time thanks only to activist government policy. Even so, this reaction shrank the money supply and the supply of credit, reversing the production cycle and deepening the crisis. The crisis has then continued as the status quo; the system of production reacts more quickly downward than upward.

The local situation explains why Mexico was the catalyst but not the cause of the disaster. As in 1982, when the debt crisis exploded, Argentina was already walking a tightrope at a time when Mexico got the ball rolling. In both cases our country missed its opportunity (or did not enjoy the dubious merit) to light the fuse of the continentwide crisis for reasons having more to do with chance than the economic policy being pursued.

No Real Investments

The local crisis is also explained by the trend in the production sector. In 1994, in fact, faster growth had already come very close to exhausting the available operating capacity in the manufacturing sector; in other words, growth could have continued only if there were

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genuine fresh investments. Such investments are making news but are not a reality.

The lack of incentives for expanding output led to the end of the growth trend, as was already obvious from the statistics. The gains in certain minor sectors, like oil, concealed the fact that the industrial sector is not investing in the expansion of its operations to the extent necessary to ensure a long-term "takeoff." Its reaction can be explained by the uncertainty in the area of production and by the high interest rates arising from dependence on financial inflows from overseas.

The drawbacks stemming from the trend in the production sector were more or less disguised by the views that prevailed when the current crisis broke out, again halting its course, but they also pose a structural problem that cannot be solved if its importance is ignored. In order to grow, the country needs productive investment, which cannot be based on fair-weather money. Therefore, emerging from the current trap requires a policy that will reduce our dependency on external funds and, at the same time, stimulate investment. The Mexican crisis was enough to show the fragility of the external sector but did not suffice to point out problems in production.

One year after the tequila effect we have yet to put the bender behind us and get back to work.

Miguel Angel Broda: We Have Surmounted the Main Obstacle

It seems unbelievable, but it was a year ago that Mexico's unplanned devaluation took us by surprise.

First of all, we must clearly realize that Argentina was hit harder than the rest of Latin America's economies (except Mexico, of course) by the severe tightening of foreign financing caused by the reversal in the flow of capital (capital outflow) that was in turn brought on by the tequila effect. This was due basically to the weakness in our economy resulting from the worsening fiscal situation in the second half of 1994. The major effect of this worsening fiscal situation, given the tightening of foreign financing, was that it generated expectations both of a public-sector default (since it could not possibly honor all its commitments) and of a violation and potential abandonment of the convertibility plan in the event that a decision were made to prioritize public-sector payments over keeping the nominal exchange rate unchanged.

Drops

The resulting uncertainty had an adverse impact on the level of economic activity, and the real economy was severely battered. In spite of the very favorable external conditions that were in place throughout the year (improved terms of trade, a boom in farm commodity prices, improved relative prices for Argentina vis-a-vis those of its neighbors, the consumption boom in Brazil, low and falling international interest rates, the stock market boom in the United States, etc.), which acted as a "tailwind" for our economy, the year will close with a decline of probably around three percent in real output, a drop in consumption of close to 5.4 percent, and a falloff in investment of 13.9 percent.

The falloff in aggregate demand, which would have been worse if not for the excellent performance of our exports of goods and services (up 29 percent in real terms), further weakened the fiscal accounts by cutting into revenues, thus generating a vicious circle of fiscal troubles-uncertainty-recession-fiscal troubles, which seems hard to end.

The feud between President Menem and Minister Cavallo, which became evident as of the third week of August and intensified during the last week of October, along with the demands from within the government to "make the model more flexible," blocked any way out, thus generating further uncertainty.

Nevertheless, and in contrast to previous occasions, when the solution was to go ahead and inflate and devalue our currency, today's authorities, accepting the restrictions that the market imposes on them in this regard, have so far chosen the only possible approach: maintaining the program of economic reform. The cordial truce that President Menem and Minister Cavallo arrived at on Sunday, 29 October, enabling them to resume their joint efforts, and to which the markets reacted quickly and very favorably when it was announced as part of the so-called Reform of the State II (the streamlining of civil service and a request for superpowers to privatize and to modify taxes), creates expectations that the approach begun in 1991 will not be abandoned.

A Difficult Year

In spite of this, 1996 looks as though it will be a year of moderate optimism yet a difficult one, as the economy remains fragile, vulnerable, and extremely dependent on external conditions, while consumption will not return to its 1994 level. We have managed to surmount the most difficult of the obstacles that have faced us so far, and in the future this will be one of the most important accomplishments that we can point to in our still brief track record (which will have to compete with our long history of inconsistent economic policies).

The best sign that the lesson has been properly learned will thus be to work hard to regain the fiscal solvency

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that we have lost, by moving forward with the pending structural reforms. Intensifying the program is the only available course if we want to avoid becoming another example of a failed stabilization program.

To this end, however, we need not only technical capabilities but also deep-seated convictions and a strong political resolve to give priority to long-range objectives over short-term ones and to the general interest over individual ones.

Regrettably, nothing seems as far removed from this as the attitude of certain members of the political class. If Congress and certain of our governors do not grasp the need to be fiscally austere and to move ahead with the pending reforms, it will be very difficult to have an "Argentine miracle" (sustained economic growth) over the next decade.

Bolivia

President Approves Expansion of CIA Operations in Bolivia

PY2301130996 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 23 Jan 96

[FBIS Translated Text] Another report on the CIA. President Gonzalo Sanchez de Lozada gave the go-ahead signal for the U.S. CIA to expand its operations in Bolivia, which will not necessarily be translated into the presence of a larger number of investigation agents. This decision can be gleaned from remarks made by Foreign Minister Antonio Aranibar, who said the government still does not know the extent of the U.S. Administration's decision.

The foreign minister said: What will it consist of? What will be the operation's size or extent? What will it be translated into? These things have not been established.

Nevertheless, the president gave the go-ahead signal for these operations in our territory.

Bolivian President Discusses Sustainable Development Summit

PY1201111296 Madrid EFE in Spanish 2142 GMT 11 Jan 96

[FBIS Translated Text] New York, 11 Jan (EFE) — In his meetings with representatives of the U.S. Government, international organizations, and the private sector in New York, Bolivian President Gonzalo Sanchez de Lozada became aware of "the will to proceed" with the sustainable development summit of the Americas to be held in Santa Cruz later this year.

In an interview with the news agency EFE, the Bolivian head of state said: "We have achieved what we were looking for; namely, a high level of interest and consensus on the possibility of holding a presidential summit meeting in Santa Cruz in December of this year."

Sanchez de Lozada — whose visit to the United States this week was disrupted by a snow storm that paralyzed most of the northeastern portion of the United States — decided to cancel his trip to Washington and intends to return to La Paz tomorrow or the day after tomorrow.

"It is not necessary to go to Washington; in fact, it is pointless to do so," he said, since, on the one hand, U.S. Vice President Al Gore and IMF Managing Director Michel Camdessus — with whom Sanchez de Lozada was to have met — traveled to Paris to attend the services for Francois Mitterrand, and, on the other hand, his contacts in New York enabled the Bolivian president to discuss "in detail" many aspects of the Santa Cruz summit agenda.

Following the talks Sanchez de Lozada held in New York with OAS Secretary General Cesar Gaviria and a ranking official from the U.S. State Department, a new draft agenda for the summit will be prepared.

The Bolivian chief political executive explained that the new draft agenda will be first sent to NGO's (nongovernmental organizations) on 12 February and, subsequently, to the presidents who intend to participate in the summit.

He did not want to go into too much detail, but said that some of the chosen topics have to do with water resources, pollution, the use and preservation of natural resources, and energy.

The Santa Cruz summit will be a follow-up to the Miami Summit hosted by President Bill Clinton in December 1994, in which it was agreed that a free trade zone of the Americas would be established by the year 2005.

This notwithstanding, negotiations concerning Chile's incorporation into NAFTA — comprising the United States, Canada, and Mexico — have reached a stalemate due to domestic political problems in Washington. In addition, the United States is responsible for the nonfulfillment of several clauses of NAFTA concerning Mexico.

In reply to a question about this state of affairs, Sanchez de Lozada said that although "it is bad and a source of grave concern for us," it is only a "delay, a stumble," and "not the interruption of a process."

The Bolivian head of state asserted that the sustainable development summit ought to go "beyond a transient political situation."

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Sanchez de Lozada played down the fact that the summit will be held in the wake of the U.S. presidential elections, in which Clinton aspires to be reelected for a second term.

The Bolivian president declared: "Theoretically, if there is a national commitment, personal considerations do not count. The meeting should be held within a framework of a national policy rather than a personal one," given the fact that sustainable development is subject of "tremendous importance."

Sanchez de Lozada further stated that he "would love" to see Cuban President Fidel Castro participate in the summit meeting, but added that he does not think this is going to be possible because Cuba is not a member of the OAS.

"The problem is that all this is going to take place within the framework of the OAS," he said.

Bolivia has diplomatic relations with Cuba. "We would love to have Fidel with us, as we believe that the subject of sustainable development goes beyond the ideological or political leanings of any government," he explained.

Sanchez de Lozada went on to say: "Nevertheless, one of the formalities that has not been solved, and which I think will not be solved," is that Cuba "does not belong to the only organization that gathers or groups all countries of the Caribbean, Central America, North America, and South America" — the OAS.

Bolivian President Threatens To Cancel Development Summit

PY1601130096 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 16 Jan 96

[FBIS Translated Text] Is Goni [President Gonzalo Sanchez de Lozada] angry? The following report is by journalist Jorge Gimenez of Erbol [Bolivian Radio Schools]. It states that if even one citizen opposes the development summit, it may not take place.

[Begin recording] [Gimenez] The Sustained Development Summit may not take place: President Gonzalo Sanchez de Lozada said so.

Returning from the United States, the president stressed that if even one Bolivian opposes it the order to cancel will be given.

[Sanchez de Lozada] As I speak, there are reports that ask if it is worthwhile to hold it.

If there is one single dissident voice then we will not hold it; just one voice. If there is no consensus on this matter, in other words, Bolivia and the entire hemisphere, I believe it would be madness to invite presidents to come here. They are able to face any type of difficulty. [sentence as heard]

[Gimenez] Sanchez de Lozada announced that he will speak with politicians, union leaders, the media, and other institutions to debate if it is convenient to prepare a debate on development and the environment.

This attempt began in the United States. The World Bank, the IMF, and some businessmen including representatives of transnational consortiums — such as David Rockefeller — expressed their opinions on the subject. [end recording]

Bolivian Daily Questions Need for Second Americas Summit

PY1601024096 La Paz LA RAZON in Spanish 7 Jan 96 p A 5

[Unattributed Commentary: "Is It Worth Having an Americas Summit?"]

[FBIS Translated Text] The organization of such an event is already causing a lot of sweat and perhaps even tears. There have been reports of financial problems and a certain newspaper has even published reports of alleged corruption or squandering of resources, which are in any case very scarce.

Now President Sanchez de Lozada will travel to Washington on a personal mission that has an arduous and difficult agenda: to try to convince the highest U.S. executive authorities, that is, the president and the vice president, to have at least one of them attend the continental meeting in Santa Cruz at the end of this year.

Besides these difficulties, which are not small, we have our own deficiencies and material difficulties and we still do not know whether we will be able to totally solve them with all our efforts — Santa Cruz regional efforts in this respect are worth noting.

The meeting is called Inter-American Summit on Sustainable Development. It will be the second of the kind after the first one in Miami in December 1994. However, if we take into account the results of the first summit it might be easier to cancel the upcoming one right now.

A few days ago an analysis published by the newspaper EL PAIS of Madrid pointed out that Latin America had lost hope and was discouraged because the Miami summit did not produce any concrete and effective results. One of that summit's central issues was the extension of the free trade agreement between the United States, Canada, and Mexico to other countries — Chile was the first candidate. That extension, however, has been indefinitely postponed due to the problems between the U.S. Congress and president, without

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mentioning that the Pan-American climate irradiated from Washington at this time is not the best, particularly because the problem of drug trafficking is creating increasing tensions between countries. Other regions of the world have undeniably more importance for Washington at this time. Besides, Latin America will have great difficulties recovering enough of its lost image before the end of the year in order to justify some enthusiasm in this summit, which without the U.S. presence would suffer an obvious rebuff.

Bolivia: Minister Presents MRTA Members Involved in Kidnapping

PY0901145796 La Paz PRESENCIA in Spanish 3 Jan 96 p 1

[FBIS Translated Text] Minister of Government Carlos Sanchez Berzain yesterday announced that the kidnapping of entrepreneur Samuel Doria Medina has been resolved. He presented two Bolivians, Valerio Velasco Cori and Raul Alarcon Castro, and two Peruvians, Elizabeth Ochoa and Oscar Martin Serna Ponce, as the perpetrators of the kidnapping.

The minister said the terrorists are members of the Tupac Amaru Revolutionary Movement (MRTA) of Peru and have links in Peru, Chile, and Uruguay.

During the presentation, Elizabeth Ochoa, "Comrade Nelly," who has been described as MRTA South Command chief and who is the wife of Luis Alberto Miguel Samaniego, the alleged MRTA representative in Bolivia, shouted: "I am a political detainee. My only crime is to be a Peruvian citizen and have a political record in my country. There is no evidence that I have committed a flagrant crime against the sovereignty of this country."

Making a victory sign with his fingers, Oscar Martin Serna Ponce, who, according to the authorities, confessed to having been Doria Medina's bodyguard, shouted: "With the masses and using arms: fatherland or death. We shall achieve victory. Tupac Amaru lives, is coming back, and will achieve victory."

The government admitted that, even though Doria Medina's kidnapping has been resolved, it has been unable to capture Juan Carlos Caballero Velasquez, a Peruvian citizen who is the mastermind and main perpetrator of the kidnapping. Javier Laoor Barrientos, a Bolivian citizen who was doing paperwork for the MRTA and who was a member of the former DIN [expansion unknown], also is at large. Laoor Barrientos supplied forged documents to the entire MRTA organization in Bolivia. Justino Soto Vargas, another detained Bolivian citizen, was not presented to the media. No reasons were given for not presenting Soto Vargas.

Social Defense Secretary on Bolivia's Antidrug Plans

PY0901234096 La Paz PRESENCIA in Spanish 1 Jan 96 p 5

[Article by Delfin Arias Vargas]

[FBIS Translated Text] Social Defense Secretary Victor Hugo Canelas revealed a vast plan that has the support of the international community and that will allow the eradication of the coca leaf to continue. He also stressed that the Chapare region will not be depopulated, but he warned about the serious consequences that will occur if the country does not carry out its international commitments.

Bolivia's new antidrug policy that is being implemented by President Gonzalo Sanchez de Lozada cannot be modified by any government because it has the support of the countries of the international community, it guarantees the total eradication of the surplus coca crops from the national territory, and it envisions the absorption of some 30,000 coca-growing peasant families into the economic mainstream.

This was confirmed for PRESENCIA on 31 December by Social Defense Secretary Victor Hugo Canelas. He stated that, based on the success achieved in 1995 — although the coca growers have a completely different opinion — Bolivia hopes to maintain or even increase the amount of international economic assistance for the fight against drug trafficking. In 1995 this sum amounted to $30 million, without taking into account the resources used as compensation for the coca plantations that were eradicated.

Economic Assistance

Canelas said that "Bolivia has done more than any other country and we have complied with all the expectations regarding the fight against drug trafficking."

Asked about Bolivia's sudden efficiency in complying with its international commitments (the country eradicated 5,520 hectares of coca plantations in 1995), and whether the U.S. ultimatum was necessary to achieve that objective, Canelas indicated that it is a viewpoint that does not correspond to reality.

"Up to 1994 we were doing things somewhat haphazardly and the surplus coca crops were eradicated on the spur of the moment, without having a defined overall strategy. It is this government that has drafted that overall strategy, and it has been this government that has implemented the Bolivian plan. It is a plan that, as it so happens, coincides with the threat of decertification," Canelas said.

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Total Eradication

In this respect, he predicted that the next constitutional government will have no other option than to continue with the outlined goal of eradicating between 5,400 and 6,000 hectares of coca crops per year until the total elimination of the country's surplus coca crops has been achieved.

Within the framework of this panorama, the social defense secretary stated that with the carrying out of the eradication plan, within a period of six years there will not be a single coca plant left standing in the Cochabamba tropics.

"That is the plan and that is the reality because the international community is no longer going to permit the game that was played before: eradicate one hectare and plant two," he warned.

The Coca Growers and Eradication

Asked about the future of the peasants once they no longer have the income from the sale of the coca leaf, Canelas indicated that that reality, which he saw as involving a negative viewpoint, will necessarily have to be reversed based on policies with guidelines to give them a dignified life within the framework of the legal economy.

"The peasant has a negative viewpoint regarding the future because there will be no coca and international aid is going to decrease. Thus, during those six years, this and subsequent governments must give the peasant the option of achieving a new life. In terms of agricultural production, the first two or three years will be fundamental in terms of the switch in production," Canelas said.

He predicted that if Bolivia, under the current circumstances, stops complying with its international commitments, there will be repercussions with very serious consequences for the country.

Repression of Drug Trafficking

Canelas stated that 1995 was the most successful year in the fight against drug trafficking, and within this framework he highlighted the fact that the government had one of its main victories at the level of national public opinion, which understood the danger of this illegal activity.

"Now no one debates the risk of consuming drugs and no one complains when drug trafficking is repressed," he said.

Regarding the eradication of the surplus coca crops, Canelas stressed that the Chapare peasants have come to understand that the growing of illegal coca plantations is self-defeating, not only for the country but also for themselves.

He confirmed that 5,520 hectares were eradicated in 1995, in addition to 100,000 square meters of seed beds that would have produced enough plants to cover 10,000 hectares in the near future.

The Immediate Impact

He also indicated that the program of works that have an immediate impact was institutionalized within the framework of alternative development, and stated that 1,116 head of dairy cattle were given to the cattlemen's associations that were created by the peasants who eradicated their surplus coca crops.

He explained that the cattle were purchased from Santa Cruz ranchers with an investment of more than 7 million bolivianos.

Legal Economy

Regarding the impact on the national economy as a result of the decrease in income within the coca-cocaine circuit due to the gradual elimination of the surplus coca crops, Canelas indicated that this will be compensated for when the legal economy overcomes the illegal economy that is the product of drug trafficking.

"I will give you an example. In the Chapare drug trafficking moves money, but at the same time the government has injected very large quantities of money into that region. The reduction of the coca plantations has caused 59 million bolivianos in cash to be injected into that area," he stressed.

He indicated that those millions boosted the economic activities in the tropical sector and in the city of Cochabamba.

Bolivia: Policeman, Traffickers Detained; Cocaine Seized

PY1001131296 La Paz TVB Television Network in Spanish 1700 GMT 9 Jan 96

[FBIS Translated Excerpt] The police commander today confirmed our report yesterday that former Commander Robert Paredes of Opsic [Psychological Operations] has been detained. This time he was detained for his involvement in drug trafficking crimes.

Major Robert Paredes will be dishonorably discharged from the force. He is accused of heading a drug trafficking ring that was caught in Santa Cruz with about 180 kg of cocaine. They had a laboratory and small planes to carry the cocaine outside Bolivia.

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Paredes was a commander of Opsic, an organization that reported to the Special Antinarcotics Force [FELCN] and is financed by the DEA. [passage omitted]

With regard to this drug trafficking ring, 19 people have been detained in Santa Cruz. They will be presented to the media in Santa Cruz today by Social Defense Secretary Victor Hugo Canelas.

This is the first major operation carried out in 1996, an operation in which a police major and a former FELCN member has been involved as a drug trafficking leader.

Drug Ring Busted in Bolivia; Colombians Detained

PY1001133096 La Paz Radio Cadena Nacional Network in Spanish 1700 GMT 9 Jan 96

[FBIS Translated Text] Suspended Police Major Robert Paredes, a former Santa Cruz FELCN [Special Antinarcotics Force] command chief of operations, has been discharged. He is being held in Santa Cruz under the charges of being involved in a drug trafficking ring that has been operating for more than two years. This ring has links in Colombia, Brazil, and Paraguay.

The drug trafficking ring includes Milton Roca Brito, Ever Mendez, and Colombian ring leaders Luis Fernandez Martinez and Martin Sanchez Lopez.

The list of detainees also includes Bolivians (Dayle) Cuellar Chavez, Edwin Chavez, and (Limber) Bejarano. Bejarano was the supplier of chemicals. Brazilian Celso (Parainha) is still at large.

The reports supplied from Santa Cruz note that other people, including former Puerto Quijarro Mayor Marcelo Cuellar Vaca and Armando Gomez, have also been detained.

Names of New Bolivian Army Commanders Released

PY1001213696 Cochabamba LOS TIEMPOS in Spanish 4 Jan 96 p A6

[FBIS Translated Text] La Paz, 3 Jan (LOS TIEMPOS) — Military sources reported on 2 January that within the framework of the new military hierarchy and a different institutional organization, which are contained in the recently approved Regulations of the Armed Forces Law, the commander in chief of the Armed Forces has approved the General Order of Postings for 1996.

Important changes have taken place in the 10 divisions of the country's Army and in the General Command of the Armed Forces, and generals who were promoted recently by Congress have been given important posts.

The General Order of Postings indicates that there have been several changes in the Army in accordance with orders handed down by the commander in chief of the Armed Forces. The following are the most important changes in the chain of command:

Inspector General of the Army: General Daniel Saavedra. Chiefs of Departments: First Department: General Rafael Saenz Sivila; Second Department: General Antonio Ortiz Duran; Third Department: General Luis Iriarte Gonzales; Fourth Department: General Arturo Cordova Mendoza; and Fifth Department: General Luis Montero Zankis.

Division Commanders

1st Andean Division: General Walter Perez; 2d Division: General Nicolas Arancibia Borda; 3d Division: General Oswaldo Claros Camacho; 4th Division: Colonel Antonio Rodriguez Gamboa; 5th Division: Colonel Angel Ontiveros Camacho; 6th Division: Colonel Walter Cespedes Ramallo; 7th Division: General Oswaldo Bedregal Palomo; 8th Division: Colonel Jorge Salazar Teran; 9th Division: Colonel Jaime Mendoza Ferrufino; and 10th Division: Colonel Juan Belmonte Aranciba.

The military high command has confirmed the position of General Johnny Mackey, chief of the Military Household of Government House, who was promoted recently, and General Jorge Sejas has been named Inspector General of the Armed Forces.

It has been reported that in the Air Force (FAB) and the Naval Force (FNB), some postings have not yet been decided; therefore, the names of the officers that are to be posted to the country's air brigades have not yet been released.

Ronald MacLean Elected Mayor in Bolivia Amid Commotion

PY0501150796 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 5 Jan 96

[FBIS Translated Text] Ronald MacLean, who ran for La Paz mayoralty on the ADN [Nationalist Democratic Action] ticket, was elected mayor on 4 January amidst a commotion by members of several parties and a hunger strike staged by Monica Medina de Palenque, MacLean's vanquished Condepa [Conscience of the Fatherland] rival.

MacLean managed to be voted into office after securing support for his nomination following the political agreement between his ADN party, the ruling MNR [Nationalist Revolutionary Movement], MBL [Free Bolivia Movement], and the opposition UCS [Solidarity Civic Union]. Alderman Julio Mantilla from the MPP [Movement for the Hinterland] later joined that political

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alliance after meeting with President Gonzalo Sanchez de Lozada. MacLean polled seven of the 11 votes cast by the aldermen. The other four votes were not cast due to the absence of the Condepa aldermen, including Monica Medina de Palenque, who refused to terminate her hunger strike.

Downtown La Paz was in turmoil at midday due to the election of the new mayor and the installation of the newly elected aldermen at the local courthouse. The conflict between MacLean and Medina arose following the latter's victory at the municipal elections. The Condepa candidate was unable to neutralize her rivals, who formed a coalition to support MacLean.

Bolivia: Santa Cruz Mayor Johnny Fernandez Installed

PY1001102996 La Paz PRESENCIA in Spanish 4 Jan 96 p 3

[FBIS Translated Excerpt] Santa Cruz — Johnny Fernandez has taken over the seat from which former Mayor Percy Fernandez directed his actions. In a ceremony with hardly any protocol, the young member of the UCS [Solidarity Civic Union] was handed the installations of the town hall.

The son of Max Fernandez and heir to one of the country's most profitable enterprises will take over the reins of the most important town hall after that of La Paz.

Santa Cruz, a city of enormous growth due to the constant migration from the interior of the country and from the department's provinces, demands constant planning and the implementation of important urban infrastructure works, such as viaducts and basic services.

One of the young businessman's challenges will be that of boosting the resources that come from popular participation. The municipal government of Santa Cruz must also call for bids for the construction of the facilities that will be needed for the Summit of the Americas. [passage omitted]

Bolivia: German Gutierrez Elected Mayor of Sucre

PY1001102496 La Paz PRESENCIA in Spanish 4 Jan 96 p 6

[FBIS Translated Excerpt] Sucre — German [Chunka] Gutierrez, town councillor for the Socialist Party-1, was elected mayor of Sucre with the votes of two "independent" town councillors and those of the members of the ADN [Nationalist Democratic Action], UCS [Solidarity Civic Union], MIR [Movement of the Revolutionary Left], and Condepa [Conscience of the Fatherland]. The winner of the 3 December elections, Fernando Rodriguez of the MBL [Free Bolivia Movement], obtained only four votes.

Despite the political speculation of the past month, an "early morning" Chunka agreement bore fruit on 3 January. Gutierrez, who had obtained second place [in the elections] with the rose-colored ticket of the MNR [Nationalist Revolutionary Movement], had to "step away" from the MNR and make unilateral agreements to achieve his aim. [passage omitted]

Brazil

Brazilian President To Visit India 22-28 Jan

PY1901213296 Sao Paulo AGENCIA ESTADO in Portuguese 1952 GMT 18 Jan 96

[FBIS Translated Excerpt] Brasilia, 18 Jan (AE) — President Fernando Henrique Cardoso's visit to India, the first one by a Brazilian head of state to that country, is part of a policy aimed at enhancing the relationship and the level of cooperation with China, Russia, and India, the leading Asian countries. Despite the small level of trade, about $780 million in 1994, the trend indicates that this level of trade will increase in the coming years because India, like Brazil, is opening its economy, reducing tariffs, and removing nontariff barriers. Cardoso will leave for India on 22 January and will return to Brazil on 28 January.

Ambassador Sergio Serra, Itamaraty's Asia and Oceania Department chief, noted today that Brazil is especially interested in scientific cooperation, mainly in the agricultural and health sectors and in the peaceful use of nuclear energy. For many years, Brazil and India have been taking common stances in leading multilateral organizations, as the United Nations, and in the trade liberalization discussions at the GATT, which has been succeeded by the WTO. [passage omitted]

Daily Says Brazilian-Indian Accord on Thorium To Be Signed

PY2201195896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Jan 96 p 5

[Report by Tania Malheiros]

[FBIS Translated Excerpt] Brazil and India will sign this week a nuclear agreement on the use of thorium (a radioactive metallic element that is usually associated with monazite sand) as nuclear fuel. President Fernando Henrique Cardoso, who will begin a four-day trip to India on 22 January, yesterday confirmed to JORNAL DO BRASIL in Petropolis, Rio de Janeiro, that he is in fact going to discuss the issue during his visit, but made it clear that these will be merely preliminary talks.

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Cardoso said he does not believe the announcement of these talks will provoke apprehension among the great powers over the fact that India has been accused of being interested in atomic bombs. He said: "We are being as cautious as possible." He noted that two weeks ago he had met in Brasilia with three leading Indian journalists, who asked him many questions about the nuclear issue, focusing on the fact that Brazil is not a signatory of the Nuclear Nonproliferation Treaty (NPT). The journalists, who also interviewed Foreign Minister Luiz Felipe Lampreia, left the impression that the Indians are obsessed with the issue.

Reserves

The world's largest thorium deposits are in Brazil. Yet, Ayrton Caubit, director of the National Nuclear Energy Commission (CNEN), noted that Brazil has not used the thorium because the CNEN Nuclear Technology Development Center [CDTN], which is based in Belo Horizonte, discontinued its research work 10 years ago. Caubit said India has the second or third largest thorium reserves in the world. The thorium-232 isotope, which exists in large supply, can be converted into uranium-233 (a fissionable element) when they are irradiated with neutrons.

CNEN President Jose Mauro Esteves dos Santos and an official of the Strategic Affairs Secretariat (SAE) departed for India on 18 January to make the final arrangements for the signing of the agreement during the latter part of Cardoso's visit. The agreement will be signed by the CNEN, which is subordinated to the SAE, and by the Indian Atomic Energy Commission. India has mastered virtually every form of advanced nuclear technology and has had an atomic bomb since 1974. [passage omitted on status of Indian nuclear program]

Brazilian-Indian Thorium Deal Termed 'Purely Scientific'

PY2201201996 Sao Paulo AGENCIA ESTADO in Portuguese 2353 GMT 21 Jan 96

[FBIS Translated Text] Petropolis, Rio de Janeiro, 21 Jan (AE) — President Fernando Henrique Cardoso confirmed last night (20 January) that Brazil will sign an agreement on thorium, an element that can be used for nuclear purposes, with India. He made it clear, however, that the agreement will have "purely scientific" bases. In an article published today, JORNAL DO BRASIL contends that the agreement will provide for the use of thorium (a radioactive metalllic element that is usually associated with monazite sand) as nuclear fuel.

Brazil has the world's largest thorium reserves and India has been accused of trying to develop a nuclear bomb. Cardoso has acknowledged that the thorium issue will be on the agenda of the visit he will be making to India as of 22 January. He avoids, however, talking about a "nuclear agreement" out of fear of negative reactions. During a cocktail party hosted by Petropolis Mayor Sergio Fadel at the Quitandinha Hotel, Cardoso said: "There will be no nuclear agreement."

Elaborating on the issue, Cardoso said that JORNAL DO BRASIL "must be referring to the use of thorium for absolutely controllable goals." The president said he is against the use of "anything that is nuclear."

Brazilian-Indian Accord To Focus on Food, Nuclear Medicine

PY2301012296 Sao Paulo AGENCIA ESTADO in Portuguese 2215 GMT 22 Jan 96

[By AE correspondent Cristiana Lobo]

[FBIS Translated Text] New Dehli, 22 Jan (AE) — During the visit President Fernando Henrique Cardoso will be making to India starting on 24 January, India and Brazil will sign a nuclear cooperation agreement that will be restricted to two areas: food radiation and nuclear medicine. Regarding food radiation, the agreement will provide for the development of food preservation technology which, for instance, would facilitate food exports. Brazilian Ambassador to India Luiz Felipe de Macedo Soares said that India imports even lettuce. Brazil could use this technology to export tropical fruits.

The nuclear medicine area would include such technologies as magnetic resonance and x-rays. The Brazilian administration has given assurances that all these agreements will be crystal clear. India and Brazil have adopted similar positions on the nuclear issue. They are not signatories of the Nuclear Nonproliferation Treaty [NPT]. India is ahead of Brazil because it already conducted its first nuclear experiment (by testing its first nuclear bomb in 1974). Brazil has recently mastered the nuclear fuel cycle, which would enable it to build a nuclear submarine, or even a nuclear bomb. Yet, Brazil advocates the use of nuclear energy for peaceful purposes only.

Brazil and India are expected to state their common views on international issues in light of both countries' interest in securing a permanent seat on the UN Security Council.

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Brazilian Spokesman on Nuclear Deal With India

PY2201232896 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 22 Jan 96

[Report by Cristina Indio do Brasil in Rio de Janeiro]

[FBIS Translated Text] Presidential spokesman Sergio Amaral has announced that President Cardoso does not want the administration to get involved in any electoral campaign, but noted that he will not prevent his ministers from participating in the election.

[Begin recording] [Amaral] The president has already decided that the administration will not participate in the election. The president cannot, however, prevent some politicians who are serving as ministers from participating as politicians in the election. There are, for instance, some cabinet ministers who are presidents of their respective parties. Hence, the president cannot prevent them from participating in the election because they are politically accountable to their fellow party members. Yet, whenever they participate, they will not be doing so as administration officials, but as politicians.

[Indio do Brasil] What about the agreement; that is, the one to be signed in India? Will it be a nuclear agreement or not?

[Amaral] During President Cardoso's visit to India, CNEN [National Nuclear Energy Commission] officials will conclude the talks they have been holding with their Indian counterparts, with officials of the Indian Nuclear Energy Commission. These talks are focused on scientific cooperation between two research organizations. It will not be an agreement between the two governments. The agreement will be designed to promote scientific research, which will, of course, be in keeping with Brazil's commitments to observe safeguards to ensure that that research is aimed at peaceful purposes only. [end recording]

Amaral met in Rio de Janeiro with businessmen and with Mayor Cesar Maia to discuss projects designed to improve Brazil's image abroad.

Brazil's Cardoso Meets Mexican Deputies

PY1601125996 Sao Paulo GAZETA MERCANTIL in Portuguese 10 Jan 96 p A6

[Report by Maria Helena Tachinardi]

[FBIS Translated Text] During a 45-minute meeting with Mexican deputies on 9 January, President Fernando Henrique Cardoso advocated the strengthening of domestic savings of Latin American countries as an alternative to speculative capital drain and to the dependence on foreign investments, a problem that Mexico faced for the third time in December 1994.

"Development must originate right here," Cardoso said, according to lawmakers Gabino Fernandez, Carlos Flores, and Gustavo Salinas, of the Institutional Revolutionary Party (PRI), who emphasized the importance of pension funds as a domestic savings instrument. The deputies invited Cardoso to attend a Latin American Parliament meeting in May, to debate a new economic development model for Latin America. The meeting will be held in Sao Paulo and will be attended by Mexican President Ernesto Zedillo, Chilean President Eduardo Frei, Venezuelan President Rafael Caldera, and Uruguayan President Julio Maria Sanguinetti have said they are interested in the initiative.

The Mexican Congress decided to summon the emerging economies of Latin America in order to look for solutions to the crisis. The first meeting was held in Santiago in July 1995, with Brazil represented by Planning Minister Jose Serra. The Chilean, Mexican, and Brazilian models were analyzed on that occasion.

The second meeting, held in Caracas, debated the Colombian, Peruvian, Bolivian and Venezuelan experiences. The third debate on the emerging economies will be held in Montevideo on 18 and 19 March, with the participation of Mercosur [Common Market of the South], Mexico, Venezuela, Colombia, Ecuador, Peru and Panama. The agenda items will be the foreign debt, Latin American legislation on foreign investment, and regional integration.

Three Brazilian deputies are members of the committee that organizes the meetings between lawmakers of the countries with emerging economies: Franco Montoro (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo], Yeda Crusius (PSDB-RS) [Rio Grande do Sul], and Gonzaga Motta (PMDB-CE) [Brazilian Democratic Movement Party-Ceara]. The Brazilian deputies met with their three Mexican peers on 9 January to draw up the agenda for the Montevideo meeting.

Cardoso will go to Mexico by mid-March, after his visit to Japan. It will be the first official visit by a Brazilian president after Tancredo Neves, who visited the country in 1983. After that year, Mexico distanced itself from Brazil so much that in 1995 it preferred to invest $840 million in Argentina to produce merchandise for the Brazilian market, like car parts, food, and capital goods, Gabino Fernandez said. According to the Mexican Embassy in Brasilia, Mexican investment in Brazil does not surpass $200 million.

The announced $6.5 billion investment by the automobile industry in Brazil has raised concern in Mexico, Fernandez said, because no investment has been planned in this sector in his country. "It was our most powerful industry," he said.

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Brazilian Government To Request WTO Waiver for Automobiles

PY1701170596 Sao Paulo GAZETA MERCANTIL in Portuguese 16 Jan 96 p A1

[Report by Maria Helena Tachinardi]

[FBIS Translated Text] The Brazilian Government this week will ask the World Trade Organization (WTO) for a "waiver" (permit) to maintain the validity of a Provisional Measure (MP) of the automobile sector, with all its incentives, which are unacceptable for the organization.

The decision, which the Chamber of Foreign Trade made on 11 January, has the support of the United States, the European Union and the other Mercosur [Common Market of the South] countries. By asking for a "waiver," Brazil has acknowledged that it has adopted unauthorized incentives, like the nationalization index and the export targets tied to the reduction of import taxes on raw materials and car parts. Yet Brazil has promised to use the incentives only until 1999.

WTO Justifies Brazilian, Venezuelan Anti-U.S. Complaint

PY1901214496 Sao Paulo AGENCIA ESTADO in Portuguese 2302 GMT 18 Jan 96

[By Aldo Renato Soares]

[FBIS Translated Excerpt] Brasilia, 18 Jan (AE) — The government will make no official comment on a WTO statement justifying the Brazilian and Venezuelan complaints against the United States, which might be discriminating in the oil exports of those two countries. On 29 January, the WTO Committee for the Settlement of Controversies will meet in Geneva to make a decision on the case. Venezuela, which was the first to submit the complaint, is the United State's main oil supplier. "The government will make an official comment only after the Committee for the Resolution of Controversies makes a decision," a diplomatic source said.

The dispute is drawing the attention of diplomatic circles because it will be the first decision by the Committee after the creation of the WTO, on 1 January 1995. The decision might cause a controversy concerning the point to which international trade rules can prevail over U.S. environmental regulations. [passage omitted]

Government Leaders Delay Voting on Brazilian Patent Law

PY1901200296 Sao Paulo AGENCIA ESTADO in Portuguese 1348 GMT 18 Jan 96

[By Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 18 Jan (AE) — With the new delay in the voting on the patent law in the Senate Economic Affairs Committee (CAE), Brazil has been once again humiliated in New York. In this city, Foreign Minister Luiz Felipe Lampreia had announced to a group of U.S. entrepreneurs that Congress would vote on the new law.

There is no consensus, behind the scenes, on the voting on the new patent law: Unless President Fernando Henrique Cardoso becomes directly involved, the law will not be approved. Despite this, many people believe that Senator Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas], the CAE chairman, will make good on his promise that the bill will be voted on, one way or the other, on 24 January.

Political analysts have emphasized the efforts by Senator Ney Suassuna (PMDB-PB) [Paraiba] to make the CAE reject the proposal. The PMDB has seven of CAE's 20 votes. On 17 January, government leaders decided not to submit the proposal by Senator Fernando Bezerra (PMDB-RN) [Rio Grande do Norte] for CAE consideration, fearing that it might not be approved.

Brazil: Article Notes Cardoso's Attendance at TCU Function

PY1901232296 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Jan 96 p A3

[Article by Wladimir Gramacho and Patricia Gomes]

[FBIS Translated Text] President Fernando Henrique Cardoso yesterday took the top-ranking government officials to the National Accounting Office (TCU) opening session of the year. The TCU is analyzing the charges of irregularity against the Amazon Region Surveillance System (Sivam). This was the first time that a president of the Republic has attended such a ceremony.

TCU Chairman Justice Marcos Vilaca told Cardoso that the TCU felt "flattered" by the president's presence. He tried to calm President Cardoso regarding the TCU procedures to evaluate the government expenses: "We smother cheap paranoid charges, but also, as it is our duty, we also apply corrective measures."

Cardoso was flanked by Vice President Marco Maciel and Aeronautics Minister Lelio Lobo, Strategic Affairs

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Secretary Ronaldo Sardenberg, Mines and Energy Minister Raimundo Brito, Communications Minister Sergio Motta, and Environment Minister Gustavo Krause, all of whom have something to do with the Sivam project.

Concerned with being pleasant, Cardoso stressed that "there is no reciprocal distrust and the president's power cannot interfere in the actions of another political institution," as he pointed out that his presence was a courtesy visit and not pressure for the approval of the Sivam project which will cost $1.4 billion for the country. "We all know that this gesture (the visit) is a gesture of respect," he insisted.

The session was also attended by Congress President Senator Jose Sarney (PMDB-AP) [Brazilian Social Democracy Party-Amapa] and Central Bank President Gustavo Loyola, beside other congressmen and politicians.

In face of this group of personalities that elbowed each other to see the ceremony, President Cardoso defended the public institutions and the constitutional reforms. "We are at a moment of comprehension, not of submission, and of absolute and clear understanding of the role of the state and of each member of the administration," he said.

Brazil: PL-PSD-PSC Bloc of Deputies Breaks With Government

PY1601163696 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Jan 96 p 3

[FBIS Translated Text] Brasilia — The PL-PSD-PSC [Liberal Party- Democratic Social Party-Social Christian Party] bloc of 13 deputies has broken with Fernando Henrique Cardoso's government. Valdemar Costa Neto (SP) [Sao Paulo], the PL leader in the Chamber of Deputies, said: "Why should we remain in the government support base? In the past year we have obtained nothing. It is better for us to be independent and participate in the campaign for the municipal elections in October." Costa Neto already warned the president about this decision at the end of December.

During the meeting with Costa Neto, Cardoso said he deplored the decision. One government lawmaker said, however, Cardoso felt relieved. He has serious problems resolving relations among the PMDB [Brazilian Democratic Movement Party], PFL [Liberal Front Party], PPB [Brazilian Progressive Party], and PTB [Brazilian Labor Party]. The PL was making the alliance even more complicated.

The first year of coexistence between the PL and the government was not very good. The party and the government fought over what the PL believes is essential for an ally: government positions.

'Confusion' Seen as Brazilian Lawmakers Shift Allegiances

PY1601184596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Jan 96 p 3

[FBIS Translated Text] Brasilia — The frantic shifting of party allegiances in Congress has caused an unprecedented situation: After 1800, no one dares say what party will have the largest bloc the following day. This week, the PMDB [Brazilian Democratic Movement Party] was in the pole position [preceding two words in English] one day, and the PFL [Liberal Front Party] three days. On 10 January, they came to a draw, with 98 deputies each. In other words, from 8 to 10 January, there was one day on which they had the largest bloc. There is so much confusion that nobody knows what the party power balance will be on 15 January.

Since December, the PMDB, PFL, PSDB [Brazilian Social Democracy Party] and PPB [Brazilian Progressive Party] have disputed new members, with a view toward the elections of 3 October. The dispute over who has the largest bloc began on 9 January. Inocencio Oliveira (PE) [Pernambuco], the PFL leader in the Chamber of Deputies, managed to remove the PMDB from the position it had since 1986. On that day, with the membership of Deputy Zila Bezerra (AC) [Acre], who left the PMDB, the PFL became the party with the largest bloc. On 9 January, the power balance was as follows: The PFL had 98 deputies; the PMDB, 97; the PPB, 88; and the PSDB, 81.

PMDB leader Michel Temer (SP) [Sao Paulo] did not like this, and demanded an explanation: "What are you doing, Inocencio? Are you hunting for my deputies?" Oliveira replied: "Do not ask me. The PMDB also took deputies from the PFL. Yet the party you should be worrying about is the PSDB. Go complain to Ze Anibal (the PFL leader in the Chamber of Deputies)!"

Temer reacted and the PMDB regained the post of majority party, coming to a draw with the PFL. Oscar Andrade (RO) [Roraima] took the seat of Marinha Raupp (PSDB-RO), who will take over the post of state secretary. Temer, however, did not imagine that he would have only one night of calm sleep. Inocencio Oliveira amused himself by saying: "The PFL is calm. The PSDB will take some three PMDB deputies."

The prophecy became partially true. On 11 January, the PFL regained the post of majority party. Para deputies Nicias Ribeiro and Olavio Rocha arranged their membership with the PSDB. "And where do I stand

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now?" Chamber of Deputies President Luiz Eduardo Magalhaes (PFL-BA) [Bahia] asked the PFL leader. Being unaware of the situation, Oliveira resorted to his advisers. The report was received late in the afternoon: 98 PFL deputies and 96 PMDB deputies.

There was so much confusion that no one knows the real size of parties. Not even the employees of the Chamber's General Secretariat — who draw up the list of lawmakers — are aware of it. "Changes are made every day, and party blocs change in a few minutes," a top adviser said.

The permanent shifting of party allegiances has prompted the need for a daily revision of the list to register the presence of lawmakers at the plenary session. The list helps congressional advisers during the sessions, identifying lawmakers per state and per party.

The musical chairs situation with regard to seats is expected to continue for the next few months, despite the fact that the deadline for shifting party allegiances expired on 15 December. Shifting of party allegiances is now done on a regional basis. Lawmakers want to side with the candidates they intend to support in October, and many such alliances call for shifting party allegiances. Everything indicates that only in June — shortly before party conventions — will the picture become more stable.

Brazil: Cardoso's 'Juggling Act' With Congress Viewed

PY1601162996 Rio de Janeiro O GLOBO in Portuguese 14 Jan 96 p 3

[Article by Denise Rothenburg and Lydia Medeiros: "Gossip in Congress"]

[FBIS Translated Text] Brasilia — Invitations, trips, lunches, dinners, phone calls, and small or big acts of courtesy are tools that President Fernando Henrique Cardoso is using to put out the bonfires of vanity that proliferate among members of his support base in Congress. Jealousies, personal quarrels, and especially a great deal of gossip, tower over political disagreements.

Cardoso began this week by inviting Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] to represent him at the funeral of Francois Mitterrand. There was a reason behind the invitation: Sarney was disappointed when, in May 1995, Cardoso invited [Chamber of Deputies President] Luis Eduardo Magalhaes (PFL-BA) to attend the celebrations in Paris to mark the 50th anniversary of the end of World War II. Sarney has thus again savored the taste of the good old times: He was accorded honors due to a head of state in Paris.

There is a veiled dispute between Senator Antonio Carlos Magalhaes and Sarney. Although they are allies and even friends, they both seek to become the president's closest adviser.

Another senator said: When one tells the other he dined with the president, one can feel their mood of cordiality turn sour.

Cardoso knows how to deal with this situation. He lunched with Sarney last week, but made a point of calling Sen. Magalhaes a few hours later.

Another example of Cardoso's juggling act revolves around the two archrivals from Santa Catarina State who are also presidents of two progovernment parties in Congress: Esperidiao Amin (PPB) [Brazilian Progressive Party] and Jorge Bornhausen (PFL) [Liberal Front Party]. Amin, who is moving increasingly closer to Planalto Palace, is mentioned as the PPB candidate for the cabinet post that will soon be assigned to his party — which is the third largest bloc in the Chamber of Deputies. Bornhausen, who is a friend of Cardoso and who was an early supporter of his presidential candidacy, was annoyed because Amin managed to place Amilcar Gazaniga as the new president of the ECT [Postal and Telegraph Company]. Bornhausen does not even want to hear about a cabinet post for the PPB.

Bornhausen said: Who? Cabinet post? What reshuffle? There is nothing to that.

To please Bornhausen and, at the same time, pave the way for changes in his cabinet, Cardoso has literally taken a diplomatic approach: He has invited Bornhausen to replace former President Itamar Franco as ambassador to Portugal. Cardoso even asked Vice President Marco Maciel and Chamber President Luis Eduardo Magalhaes to urge Bornhausen to accept the appointment. Members of the PPB bloc were jubilant.

Deputy Mario Cavallazzi (PPB-SC) [Santa Catarina] said: I believe Amin personally proposed the appointment. At least this is what members of our bloc were saying at the time.

Yet Bornhausen found everything very amusing and is ready to travel. He will spend carnival season in Lisbon with a group of close PFL friends, among them Deputy Jose Jorge (PE) [Pernambuco] and Senator Guilherme Palmeira (AL) [Alagoas].

Commenting on the invitation, Bornhausen said: That rumor is very amusing.

Amin and Bornhausen had another reason to compound their disagreement last week. The simple threat of the formation of a bloc comprising of the PPB, the

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PSDB [Brazilian Social Democracy Party], and the PTB [Brazilian Labor Party] — the latter being an ally of the PFL in the Chamber of Deputies — has made Bornhausen's blood boil. After all, the three parties account for 204 deputies and thus, the PSDB — which is engaged in a close race with the PFL to become the majority bloc — would gain strength. Over dinner at Cardoso's residence on 9 January, Bornhausen heard Cardoso assure him that such a bloc has no future. Only then was he able to digest the grilled fish that was served for dinner.

Bornhausen said: The bloc idea is Amin's doing. It will not happen.

It is not only with the PPB that the PFL has frictions. The PFL's number one target is the PSDB. Despite all the cosmetics used to make the two blocs appear united, their leaders — Inocencio de Oliveira (PE) [Pernambuco] and Jose Anibal (SP) [Sao Paulo] — are like cat and dog. They cannot stand each other. Openly campaigning to force the dismissal of Health Minister Adib Jatene, Anibal has not hesitated in praising Deputy Sergio Arouca of the PPS [Popular Socialist Party], a possible candidate to replace Jatene. In his reply, Oliveira did not mince his words.

Oliveira said: That would be foolish. With a leader like him, the administration does not need any more opposition.

As far as the PMDB [Brazilian Democratic Movement Party] is concerned, there is no need for provocation from another party to create confusion within the party. PMDB members are always offending each other. Displaying good humor, Senator Ney Suassuna (PB) [Paraiba] admits that Congress is like a battlefield.

Suassuna said: Tricks are commonplace within the PMDB and within the government support base. All the congressman are trying to pull the rug from under their colleagues, and empire building in an attempt to gain more prestige and to weaken others.

Elcio Alvares (PFL-ES) [Espirito Santo], the government leader in the Senate, makes a great effort to channel Cardoso's actions to bring peace to his congressional base. Yet, he sometimes sounds discouraged.

Alvares said: I am tired of derisive remarks.

PMDB Senate leader Jader Barbalho (PA), who has often been regarded as a troublemaker, has also conveyed distrust.

He said: Here you greet a colleague, pat him on the shoulder, smile, and keep going. If you turn round, you will hear them already saying bad things about you.

Brazil: Relationship Between Cardoso, Sarney Viewed

PY1801184396 Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Jan 96 p 2

[Article by Dora Kramer: "He Who Rules the Roost"]

[FBIS Translated Text] Notwithstanding the fears arising within the Brazilian Social Democracy Party [PSDB], whose members are suspicious of the surprises Paes de Andrade, PMDB [Brazilian Democratic Movement Party] president, may have up his sleeve, people linked to both the party and the incumbent administration have been dispassionately analyzing events.

The bottom line in this analysis is as follows. There is no cause for concern because Paes de Andrade will only go as far as Senate President Jose Sarney [of the PMDB] deems appropriate. Following this line of reasoning, it is Sarney himself who is fanning the flames of the opposition to the PMDB since, for obvious reasons, he cannot go round openly confronting Planalto Palace policies.

Although not even ungracious public servants and politicians of Alvorada Palace consider Sarney an ally, the game the incumbent administration and the Senate president's group are playing — using each other to their own advantage — is something which no manual should overlook. Let us not mince words: [President] Fernando Henrique [Cardoso] does not like Sarney. Without fear of doing the latter an injustice, Sarney's dislike of Cardoso is an determined fact.

Cardoso tore the Sarney administration to shreds in a famous interview two days prior to the launching of the Cruzado Plan. Let us also recall that Deputy Fernando Lyra ridiculed Cardoso with his the celebrated phrase "he put his foot in it." Nevertheless, in accordance to the run of events in the ensuing months, the then PMDB senator was to certain extent right in his judgement.

Under his administration [1985-1990], Sarney kept his distance from those who threw in their lot with Cardoso and who some years later founded the PSDB [in 1988]. In the 1994 election campaign, Brazilians witnessed Sarney's passive and reluctant support for Cardoso's presidential candidacy. Sarney resisted as much as he could and never showed much zeal for Cardoso's cause.

The fact of the matter is that the head of state and the Senate president have the greatest respect for each other, a respect of two politicians who got to the top positions in the country and who therefore deserve mutual recognition. The fact that Sarney came to power by chance [when President Tancredo de Almeida Neves

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died before being installed] is really unimportant; what counts is his performance. Sarney's actions from a politico-institutional viewpoint were more than correct. He guaranteed the transition, endured difficult moments during the Constituent Assembly, and maintained the country within the limits of a democratic system of government.

The fact that Cardoso is the second president elected by direct popular vote after years of military dictatorship is to a great extent due to Sarney's doings.

Leaving digressions aside, let us return to the subject we were discussing, namely Paes de Andrade, who would not have become the PMDB president without the support of Sarney's group. The votes that were to have been cast in favor of Jader Barbalho — had Planalto Palace not been absolutely set on making that candidacy bite the dust — went to de Andrade.

That is the story behind the conclusion that Sarney maintains de Andrade in his post as PMDB president. So, as the Senate president is very aware of how far he can go, and knows that the time is not ripe for him to struggle to the bitter end, most likely everything will again be like in the good old days — in other words a salutary, customary, and pleasant chaos.

Cardoso To Be 'Impartial' in Brazil's Municipal Elections

PY1901213996 Sao Paulo GAZETA MERCANTIL in Portuguese 15 Jan 96 p A1

[Report by Eliane Cantanhede and Cesar Felicio]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso has issued the following warning to those who are seeking to run for office in the 3 October municipal election: Neither he nor his administration will get involved in the campaign. Cardoso told congressional leaders that his administration is facing an extremely rare situation in history; that is, that the leading parties of his ruling coalition — PSDB [Brazilian Social Democracy Party], PFL [Liberal Front Party], PMDB [Brazilian Democratic Movement Party], and PPB [Brazilian Progressive Party] — practically consist of the same number of federal deputies at the Chamber of Deputies (there are approximately 90 deputies in each bloc) and thus it would be virtually impossible to treat all four bloc members fairly. "I am going to remain impartial," the president said.

PSDB leaders are afraid that the PFL might take advantage of President Cardoso's popularity to become the fastest-growing party at the municipal level. PFL President Jorge Bornhausen said: "Many moves are yet to be made on that chessboard." Senator Artur da Tavola (RJ) [Rio de Janeiro], president of the PSDB, said: "politics in Brazil are conducted at the regional level." The success of candidates for mayor will be much more heavily dependent on the respective party's local and economic machinery than on the federal administration's policy.

This will not prevent, however, PSDB members from demanding that the federal administration openly support them in the election. Municipal officials have not stopped sending letters to Brasilia calling for relevant actions. Members of PSDB congressional blocs from the two houses themselves have admitted that ministers have been pressured to use the administration's achievements to help their party members. After all, the PSDB is the president's party.

Reporter Ana Florence has heard from political scientists that the success of the Real Plan and the president's popularity will be decisive factors in the election. In light of this, Senator Elcio Alvares (PFL-ES) [Espirito Santo], the government leader in the Senate, has conveyed his surprise about PMDB groups making overtures to the left at this very moment.

Leftist groups are looking for options. Deputy Jose Genoino Neto (PT-SP) [Workers Party-Sao Paulo] said: "Leftist groups should form coalitions in at least four state capital cities. This would be the only way for the left to regain political initiative, despite being a minority bloc in Congress. The PT, however, has not yet been able to achieve unity among its internal factions.

In Sao Paulo, the PT, the PSDB, the PMDB, and the PPB are going to have separate candidates to contend against Francisco Rossi of the PDT [Democratic Labor Party], who has emerged in opinion polls as the favorite candidate to win the mayoral election. In Rio de Janeiro, negotiations are under way to form a PFL-PSDB coalition to contend against divided leftist groups. In Belo Horizonte, Minas Governor Eduardo Azeredo will back the candidacy of Amilcar Martins, this civilian household chief, while incumbent Mayor Patrus Ananias (PT) has not yet chosen his candidate.

In Salvador, opposition groups are looking for a candidate to prevent the Bahia capital city from also falling into the hands of Senator Antonio Carlos Magalhaes. In Recife, PFL Deputy candidate Roberto Magalhaes is the undisputed favorite against leftist candidates. The PT has a good chance of winning the election in Porto Alegre, but it has not yet nominated a candidate.

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Delay in Approving Brazilian Budget Creates Cash Problems

PY1901232896 Sao Paulo AGENCIA ESTADO in Portuguese 0051 GMT 19 Jan 96

[FBIS Translated Text] Brasilia, 18 Jan (AE) — The Congress delay in approving the 1996 Budget Guidelines Law (LDO) is already creating cash problems for the government. President Fernando Henrique Cardoso today signed a provisional measure increasing from four to 10 the authorizations to use the full budget appropriation even if the law is not approved. The government can spend only 1/12 (the so-called twelfth) of the budget appropriations for each item without a vote on the LDO.

The exceptions mentioned in the decree include resources to fight public disasters and the financing of land preparations and food production of the 42,000 families settled during 1995 within the framework of government agrarian reform programs. Law 9082 of 25 July 1995 on the payment of twelfths already excepted from the system the payment of public workers salaries and supplies, social security benefits, the debt service, and the appropriations for the Unified Health System (SUS).

The provisional measure issued today also liberates the resources for the financing of official credit operations for agriculture (resources under the supervision of the Finance Ministry), the funds for the National Civil Defense System (in cases of public catastrophes and emergencies), the financing for the Program of Emergency Food Distribution (Prodea), funds for projects financed with foreign resources and donations, and agrarian reform funds.

Brazilian Ministry Announces Industrial Policy Plan

PY0501014796 Sao Paulo AGENCIA ESTADO in Portuguese 1656 GMT 4 Jan 96

[Report by Milton F. Da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 4 Jan (AE) — Following nine months of consultations and debates, the administration's industrial policy plan at last has been born. The plan, which was designed by the Industry, Commerce, and Tourism Ministry, Minct, foresees an annual 4.7 percent economic growth, a rate it admits as modest and which could be reviewed given that the industrial sector is growing at an average of 6.7 percent annually. According to the plan, exports should increase by 9.7 percent by 1999 with manufactured goods increasing their participation from 56.8 percent to 65 percent of the GDP until then.

Businessman Antonio Emirio de Moraes, superintendent of the Votorantim group, understands that the lack of an industrial policy causes distortions in the economy and discourages new investments. Moraes understands that the Industry Ministry should implement the plan fast. "An industrialist is currently an orphan in this country," he said.

The government prepared several pilot plans first, which ended by being modified during the past nine months. In its introduction, the plan explains that it complements the 1996-1999 Multi-Year Investment Plan "sharing general strategies there specified for government action."

Main points of the plan.

— In order to fulfill the objectives of the plan, the government should increase its partnership with the private sector and increasingly dedicate itself to solving social problems and to carrying out planning and coordination activities.

— With the purpose of consolidating partnerships with society, the Business-Labor-Government Negotiating Boards should work with mid and long term perspectives.

— The Council of Secretaries of Industry, Commerce, and Tourism will be strengthened in order to geographically decentralize industrial activity.

— Government action will consider two aspects: 1) The creation and maintenance of a favorable atmosphere for the development of companies by eliminating the Brazil cost which definitively affects their competitiveness; 2) Help expand and modernize the Brazilian industrial facilities.

— The elimination of the Brazil cost will be accomplished by improving the economic and social infrastructure, by correcting the distortions of the taxing system, by establishing appropriate financial conditions, and by modernizing regulations.

— Industrial production must be better distributed geographically through the support and strengthening of already existing industrial centers and by taking advantage of the new investment opportunities.

— The main goal is to increase the total foreign trade. A goal of an $126 billion trade flow has been established for 1999, which represents a 65.8 percent increase in comparison with 1994. This represents an average annual expansion rate of 10.6 percent, which is 36 percent higher than what was registered in the past five years.

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— Other export-boosting measures: to reactivate the credit insurance, to reduce the tax burden, and to promote Brazilian exportable goods and services abroad.

— By 1999 the participation of the foreign trade flow in the GDP should reach 18.9 percent as compared with 14.4 percent in 1994. The participation of Brazil in international trade should climb from 1 percent in 1994 to 1.8 percent in 1999.

— Production and foreign trade goals depend on the gradual rise of the capital formation rate in the economy, which should increase from 15 percent in 1994 to 20.5 percent in 1999.

— Science and technology investments should increase from the traditional 0.7 percent to 1.5 percent of the GDP by 2000. This rate reaches 2 or 3 percent in developed countries.

— Economic stability and clear, stable, and nondiscriminatory rules will ensure an atmosphere favorable for investments and for the modernization of enterprises.

— Labor relations must be modernized with a greater participation of the workers in the decisions and results of the productive activity. Labor rules must be modernized in favor of greater freedom of negotiations between parties and of greater flexibility of the labor market.

— The incorporation of new members into the Mercosur [Common Market of the South], the creation of a Free Trade Zone with the EU, negotiations for the creation of a hemispheric market, and the strengthening of the World Trade Organization, WTO, will be prioritized.

— Government action must concentrate on covering the so-called market faults, with long-term financing, technology, education, professional training, economic and social infrastructure, regulatory actions, like defense from the competition, intellectual property rights, and environmental quality.

— The following actions will be developed: actions to identify opportunities in different investment areas, to eliminate restrictions to private investment, to reduce the costs of inputs and capital goods, to support technological innovation, and to improve the conditions of long-term financing. The investment encouragement program — Proinvest, will establish the corresponding strategies.

— A professional training policy will be created to promote the training and improvement of workers encouraging greater integration between the company and the training school.

— Support policy to small sized companies with the objective of creating the necessary conditions so that small sized companies play their role of generating jobs, geographically decentralizing the economic activity, and of helping increase exports.

Goals for 1999

Goals	1994 Value	1999 Value (in $ billions)	Variation (in percentage)
Total GDP	531	668	4.7
Industrial GDP	197	276	6.5
Foreign Trade Flow	77	126	10.6
Exports	44	65	8.1
Manufactured goods exports	25	42	10.9

Source: Industry, Commerce, and Tourism Ministry

Brazil's Export Financing Program Includes Exports of Services

PY0801115996 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jan 96 p A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] The government has extended the benefits of the Export Financing Program (Proex) to the sales of Brazilian services abroad. Resolution 314, which was published yesterday in the DIARIO OFICIAL DA UNIAO, reports that exports of all kinds of services, including studies, projects, consultations, executions, assemblies, or "turnkey" [preceding word in English] packages are eligible for financing or for receiving export tax refunds [equalizacao].

According to Foreign Trade Secretary Mauricio Cortes, all the advantages offered by the Proex for exports will now be valid for services. The new treatment the government is giving to the services exports is part of a more far-reaching strategy to improve the foreign trade results, especially because following the Uruguay Round of the GATT, Brazil assumed commitments in the international trade of services, said Cortes.

Since yesterday, the government has extended for another month the exemption of import tariffs on some capital goods — known as "ex" — which are not manufactured in Brazil. This measure has been negotiated with the Mercosur [Common Market of the South] partners.

The Proex for services will not be available for the assembly and installation abroad of Brazilian produced

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and exported machinery or equipment. This means that expenses made in third countries cannot benefit from the Proex.

Proex credits will be granted under the following operational forms: "Supplier's credit" (discount papers) for services exported to foreign public or private organizations, or "buyer's credit" (to finance the importer).

According to the resolution, "the maximum term for receiving the tax refund independently from the export financing term, will be determined by the value of the export." In this manner, if the financing value reaches $1 million, it will have to be repaid in up to two years; between $1 and $2 million, it will have to be repaid in up to four years; and above $6 million, it will have to be paid in up to 10 years.

The maximum percentage admitted for tax refund purposes will be 85 percent of the export value. The government has established rules for the issuance of National Treasury Notes (NTN-1) for the services exports. These notes will be issued after the institution benefited with the tax refund presents to the Bank of Brazil (in foreign currency operations) an invoice issued by the exporter for the total value of the Brazilian sales; the shipping records "sealed [averbados] by the Federal Revenue Service;" a letter issued by the exporting company and sealed by the importer specifying the services rendered; and proof of the exchange operations for the total export operation.

The same documents will be required for operations in reals. According to a resolution, "in order to allow exports of services be eligible for the Proex both for financing and tax refund operations, they must meet the same requirements of the operations of the Computerized Exports System (Syscomex)."

Roundup of Brazilian Economic Reports Through 15 Jan

PY1801020296

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 15 January.

BASIC LEADING INDICATORS

Industrial Production Figures Reported — The Brazilian Institute for Geography and Statistics has reported that the Brazilian industrial production in November was 1 percent higher than in October. As a result, the national industrial production had an accumulated increase of 4.3 percent from August to November. Compared to November 1994, however, industrial production dropped by 4.5 percent. Nevertheless, figures vary very much from one area of production to the other: the pharmaceuticals area had a 19.6-percent increase; the beverages area had a 19.4-percent increase; the electricity material production increased by 16.4 percent; and the plastics-manufacturing area production increased by 12.5 percent. Production in other areas, however, decreased very much: furs and leather production decreased by 16.7 percent; clothes by 5.8 percent; tobacco by 5.3 percent; and textiles by 3.6 percent. Compared to November 1994, capital goods had a 20.8 percent decrease, particularly because the production of agriculture goods decreased by 68.5 percent. Nonetheless, durable consumption goods increased by 7.2 percent and semidurable and nondurable goods by 2.2 percent, thanks to a 16.8-percent increase in the production of home appliances, and a 15.8 percent increase in the production of food. (Sao Paulo AGENCIA ESTADO in Portuguese 1901 GMT 12 Jan 96)

Industrialized Coffee Production Increased — Brazilian industrial coffee production reached the record total of 10.1 million sacks in 1995. The 20 largest enterprises of the area grew 8.5 percent last year compared to 1994, and sales surpassed 2 billion reals, R, although the average price of coffee dropped by 1.54 percent in the industrial area and by 6 percent in the retail market. Industrial processing of 60-kg coffee sacks has grown per year as follows: processing in 1986 totalled 5,568,856; 5,922,323 in 1987; 5,806,978 in 1988; 6,384,096 in 1989; 8,200,000 in 1990; 8,500,000 in 1991; 8,900,000 in 1992; 9,100,000 in 1993; 9,300,000 in 1994; and 10,100,000 in 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 1912 GMT 12 Jan 96)

Tax Revenue Total Viewed — The federal government has collected R84.005 billion in taxes in 1995. Federal Revenue Secretary Everardo Maciel has reported that "this has been the largest tax collection in the Federal Revenue's history," and that it has been 31 percent higher than the 1994 one, when the overall revenue totalled R64.320 billion. Maciel attributes this increase to the warming up of the economy during the first six months of the year, to the large volume of imports, and also to the 23 percent to 30 percent increase in collection of the Social Contribution on Net Profit [Contribuicao Social Sobre o Lucro Liquido — CSLL], which was levied on financial institutions. Finally, as a result of the government decision to establish severe restrictions on the so-called compensation for losses that allowed enterprises to reduce the income tax they should pay for, and to the 16-percent increase registered in the sale of cigarettes. The Sao Paulo tax revenue has increased by 27.55 percent and contributed with 45.84 percent to the country's overall revenue. (Sao Paulo AGENCIA ESTADO in Portuguese 2233 GMT 12 Jan 96)

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Electricity Consumption Increase Viewed — The Sao Paulo Light and Power Company has reported that electricity consumption in residential areas increased by 11.3 percent in 1995. This occurred because low-income families are now using more electricity: Each consumer has used an average 199.8 kilowatt-hours per month during 1995. This represents a 5.6-percent increase per home. Residential electricity consumption represents 29 percent of the overall electricity consumption. Electricity consumption in stores, which represents 12 percent of the overall electricity consumption volume, increased by 11.4 percent in 1995. Electricity consumption in the industrial area, however, increased by only 5.4 percent in 1995. (Sao Paulo GAZETA MERCANTIL in Portuguese 12-14 Jan 96 p A5)

Treasury Bonds Sale Viewed — Gustavo Franco, Central Bank director for international affairs, reported on 15 January that the Brazilian Government will again sell Treasury debt bonds abroad in about 45 days. The government plans to attract some 30 billion yen, which are equivalent to $300 million, from Japanese investors. The Japanese Nomura brokers company will be in charge of selling the bonds. According to Franco, the government's main objective is to remain in the international financial market and not exactly to attract investment. This bonds issuance will be the third since the Brazilian foreign debt has been renegotiated with private creditors. (Sao Paulo AGENCIA ESTADO in Portuguese 0013 GMT 16 Jan 96)

Communications With Argentina Improved — The Brazilian Telecommunications Company, Embratel, and the Rio Grandense Telecommunications Company, CRT, today signed in Porto Alegre a contract for concession of rights which will allow better communications between Brazil and Argentina. Through the contract, the CRT has ceded to Embratel a total 1,920 channels and its digital radio circuit which will allow telephone communications costs between the two countries to be reduced. Embratel, in turn, has ceded to CRT 960 channels of its radio service on the Porto Alegre-Caxias and Porto Alegre-Osorio stretches, allowing the CRT to expand its services on the coast and northeastern part of the state. According to the CRT chairman, the new services will begin operating in the beginning of February. (Brasilia Voz do Brasil Network in Portuguese 2100 GMT 15 Jan 96)

Changes in Proex Analyzed — Beginning 16 January, the Export Financing Program, Proex, will only grant 100 percent financing for capital goods (machinery and equipment) 60 percent of which are manufactured in Brazil. The official gazette published on 15 January a resolution establishing that if less than 60 percent of the product to be exported has been manufactured in Brazil, the Proex will not grant the product a 100-percent financing. The resolution also establishes that the Credit for Exports Commission should avoid concentrating Proex operations in the hands of a small group of enterprises. These changes being implemented in the Proex seek to benefit a larger number of export products by granting them favorable credit, while trying to avoid that only enterprises of the services area — particularly the engineering companies — have access to the program. So far, only the Brazilian construction companies that have contracts abroad have been benefited by the Proex. (Sao Paulo AGENCIA ESTADO in Portuguese 2310 GMT 15 Jan 96)

FINANCIAL OPERATIONS

Natural Gas Use Allowed -- President Fernando Henrique Cardoso signed on 12 January a decree allowing the use of natural gas in all types of vehicles. Mines and Energy Minister Raimundo Brito signed on the same day a resolution regulating the use of the new fuel. President Cardoso said that this initiative was taken within the framework of the government plans to increase the use of gas in the country. Silvano Valentino, president of the National Association of Automotive Vehicle Manufacturers, explained that the cost of converting engines to the use of natural gas — which now stands at nearly R3,000 — will decrease as the car-assembling companies increase production of car models using natural gas. (Sao Paulo AGENCIA ESTADO in Portuguese 2014 GMT 12 Jan 96)

Libra Group Rents Shipyard — Rio de Janeiro Governor Marcello Alencar has reported that the Libra Group has rented, for four years, the Maua shipbuilding company facilities and has already signed contracts for the construction of eight ships for a total of $560 million. The ships were ordered by three of the group's ocean navigation companies: Nacional, Libra Navegacao, and Paulista. The contract ensures that the 1,000 employees of the Maua Company will not be dismissed and that 1,500 new employees will be hired. Governor Alencar added that some 6,000 indirect jobs will also be created as a result of the contract. Ronaldo Cezar, Rio de Janeiro secretary for industry and commerce, has reported that two of the eight ships are extremely modern and will have the capacity to transport 3,700 containers. These ships, however, can only operate after the Sepetiba Port construction is finished. (Sao Paulo AGENCIA ESTADO in Portuguese 2215 GMT 12 Jan 96)

Fiber Optics Installation Viewed — Rio Doce Valley Company will hold a bidding in February to contract an engineering enterprise to assist it in drafting a project for the installation of a network of fiber optics along the Vitoria to Minas Gerais Railroad. The installation

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of the nearly 700 km of fiber optics will probably start next year and will cost an estimated R25 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jan 96 p C5)

PRIVATIZATION

Central Bank Decrees Trusteeship — Acting Central Bank President Francisco Lopes decreed on 11 January trusteeship on two more enterprises owned by Angelo Calmon de Sa: the Itapiracema Empreendimentos e Participacoes S.A., which was the Economico Bank holding; and the Aratu Empreendimento s e C orretagem de Seguros. Claudio Mauch, Central Bank director for regulations, said that this decision was under study to ensure reimbursement of the R3.6 billion the Central Bank injected into the Economico Bank. Flavio Cunha, the new Economico Bank trustee, will appoint in the next few days a special commission to check the two companies' accounts. (Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jan 96 p A1)

Colombia

Colombia's Samper: Ex-Minister 'Lying To Save Himself'

PA2301053396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0431 GMT 23 Jan 96

[Address to the nation by Colombian President Ernesto Samper, in response to statements by former Defense Minister Fernando Botero, in Santa Fe de Bogota — live relay]

[FBIS Translated Text] Colombians: With deep disappointment I have just heard the infamous statements of former Minister Fernando Botero Zea. I have always told the truth to the people throughout my political career, and tonight the truth is—as much as it hurts us—that Botero is lying to save himself.

I have been hearing for several weeks that he has been enduring pressure for personal and judicial reasons that I believe do not merit mentioning now. The country knows I was the first person who allowed justice to investigate his conduct. Never prior to my case had a president of the Republic been investigated in such a thorough and cruel manner.

The investigations covered members of my family and my government. As I have said throughout this case—and I am repeating it to the country now and will uphold this position to the very last consequences—if there were drug trafficking monies in my campaign, they were infiltrated without my knowledge and against my instructions. Under no circumstances could this infiltration, if there was such a thing, generate any commitment, as is quite evident from the success my administration has had against the drug cartels.

Despite knowing that the statements by Santiago Medina directly involved Botero's conduct, I always trusted he would be able to prove his innocence. He designed the campaign so the entire administrative and financial responsibility would be under him. He freely chose the treasurer whom he now contradicts in every statement. He has explained all charges and accounts before the electoral authorities.

I am certain the country cannot believe Botero's statements to the effect that everything happened outside what he himself had foreseen following my instructions to have the campaign be handled in the most crystal clear manner.

I am not going to leave the country adrift to satisfy the political interests of a few people who have turned this process into an electoral battle to oppose the social government which I have promised to all Colombians and which I will carry out. I regret that the career of such a close friend ends in such a deplorable manner.

I want to announce to the country that I have convened a Council of Ministers meeting to study the measures that will ensure Colombia's governability during these times of crisis, which I describe as the death throes of the drug trafficking problem.

We are close to the truth for which we have been searching. We will not abate our efforts to find it. Colombians can sleep at ease.

Today more than ever before, I am at the helm and am holding the reins of the government. Good evening.

Colombia's Botero: Reasons for Testifying Against Samper

PA2301052496 Madrid EFE in Spanish 0337 GMT 23 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 22 Jan (EFE) — Former Defense Minister Fernando Botero, 39, who has been under arrest since 15 August, revealed today that Ernesto Samper Pizano was aware that huge sums of money from drug traffickers went into his 1994 electoral campaign for the Liberal Party. Botero, the former chief of Samper Pizano's electoral campaign who has been under arrest since August, 15 days after he resigned to defend himself "without the privileged status of minister," made those revelations in a 30-minute report broadcast live by the "CM&" television newscast.

"That is the truth: He did know. He is seriously compromised on this matter," Botero replied when asked

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about the extent to which Samper Pizano knew about the $6 million contribution from the Cali Cartel drug traffickers to his electoral campaign, which led him to victory in the 19 June 1994 elections.

Botero, held in a military garrison, is the son of famous Colombian painter Fernando Botero and arts promoter Gloria Zea and grandson of the late Liberal politician German Zea Hernandez, who served as justice and government minister, as well as ambassador and acting president on several occasions from 1978 to 1982.

"I say this with sadness. It is absolutely clear that the president knew and is seriously compromised by these actions. He is a person I held in high esteem and continue to do so. I have been a friend of his family because of his superior qualities. [no end quotation mark as received]

Explaining Samper Pizano's actions regarding campaign financing, former Minister Botero said that he believes that "they were the result of an urgent need, an unchecked ambition, a sudden moment of weakness" and added that "there is proof" of his charges.

"But, no matter the reason, the country is going through a difficult period because of that," he stressed and added "the situation is getting more serious by the day; if someone does not take the first step to make the truth known, we will continue as we are for a long time, and that is the worst thing that can happen to Colombia."

The former official explained that he began testifying before officials of the Prosecutor General's Office today, because "I felt I should do it," but he declined to say if he believes Samper Pizano must resign.

"I also feel something, and I feel it strongly, and allow me to take advantage of this opportunity to apologize to all Colombians. I ask all Colombians — and all the members of my family in particular — for their forgiveness for my negligence at the end of the campaign, for the omissions I committed, for not properly performing my duties as general manager of the campaign."

The former minister described what he has experienced as "a mistake that I will live with for the rest of my life" but said he prefers the tranquillity of his family and the well-being of the country.

"When a mistake is committed — and you rarely see this in politics — I believe one has to do what is right, and what is right is to accept the mistake, correct the mistake, learn from it, bear the costs and consequences, and move on. That is what I want to do with the best of faith," he stated.

Botero emphasized that his testimony, given without violating the secrecy of the proceedings, was not the result of a promise or agreement as, at this moment, he does not know what his future will be, and because "it is not my policy to seek a deal, a pact with the Prosecutor's Office."

The former minister indicated that his "legal future is totally uncertain" but explained that for him, "this is not important, not even if he remains in jail" and not even if his children have to "suffer" because they had to be sent abroad for their safety.

Botero said Samper Pizano had never instructed him to try to get money from the Cali Cartel and revealed that when he resigned, he believed that by "taking responsibility," he would stop the national crisis.

However, his action was not enough and, quite the contrary, "every day the crisis got more serious and is currently affecting the economy, relations with the United States (...)." Thus, he made the decision to reveal the truth "regardless of the risk and whatever the cost."

"Truth is what will allow the country to get ahead," Botero noted and added that the country cannot allow "the lie to continue and to be in a crisis for three more years."

President Samper Pizano has reiterated many times that he will not resign from the presidency. The president was absolved in December by a parliamentary commission that ruled that there was not "enough merit" to open a criminal investigation.

Samper Pizano said during a tour to the Caribbean coast on Saturday that it would be "an act of cowardice" to resign.

However, the demands for his resignation continue to appear in several media sources, including the opposition LA PRENSA and EL NUEVO SIGLO newspapers. Today, those newspapers demanded once again that the president resign.

Former Colombian Minister: Samper Knew 'What Was Going On'

PA2301034296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 23 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] After serving five months in prison, former Defense Minister Fernando Botero has ended his silence. He has said that he is tired of defending the president and that he trusts that he will

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make it out of this difficult situation with the help of his family:

Botero also has said....[pauses] We now bring you a report by Gloria Congote. Go ahead, Gloria. What did the former minister say?

[Congote] Former Minister Fernando Botero has issued the following statement:

First, President Ernesto Samper did in fact know what was going on. Second, President Ernesto Samper was seriously involved in the entry of Cali Cartel monies into the presidential campaign. Third, I beg forgiveness from Colombians. I was not the mastermind of this decision. I did not receive or distribute monies, and I chose to remain silent, but I am sorry. It is a mistake I will have to pay for the rest of my life. Fourth, I am aware of the gravity of my statement and am aware this entails an institutional collapse. I want to advise that Humberto de la Calle had nothing to do with these events. Fifth, I appreciate President Erensto Samper, but my loyalty is to the country. Sixth, I have decided to tell the entire truth to Colombians. Seventh, I know this decision is a dangerous one. My family has been threatened, and I decided today to take my children out of Colombia.

This is the full text the daily EL TIEMPO will publish tomorrow.

Colombian Official Remarks on Botero's Samper Statements

PA2301041896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 23 Jan 96

[Interview with Jaime Arias, president of Colombia's Conservative Directorate, by an unidentified reporter; place not given; from the "QAP News" newscast — live]

[FBIS Translated Text] [Reporter] Former Defense Minister Fernando Botero issued a statement tonight. You will recall that the minister said in his first two paragraphs that President Ernesto Samper did in fact know what was going on and that President Samper is seriously involved in the entry of Cali Cartel monies into the presidential campaign. What do you think about this statement?

[Arias] After listening to Fernando Botero's statements on the "QAP News" newscast, I think the situation is extremely delicate, is much too serious, I would add. Right now, I am going to summon the National Directorate for a meeting tomorrow and the Conservative congressmen for next week.

I think it is somewhat contradictory, however—and I must clearly state that now—to start preparing the ground for Dr. de la Calle. I believe that if the campaign received drug trafficking monies, Dr. de la Calle would also be disqualified to replace President Samper should that situation come up.

Colombian Armed Forces Commanders Support Samper

PA2301140096 Mexico City NOTIMEX in Spanish 0606 GMT 23 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 23 Jan (NOTIMEX) — Colombian military forces today offered their support to President Ernesto Samper after his former Minister of Defense Fernando Botero accused him of being aware of the entry of mafia money into his electoral campaign.

Commanders of the four forces (Army, Navy, Air Force, and police) visited the Colombian president in the predawn hours of this morning, to express their solidarity, local stations reported.

In a brief radio and television speech of approximately four minutes long, Samper denied having any knowledge of illegal funds in his campaign that took him to power in 1994, and accused his former defense minister of lying to the country for his own benefit.

"The full Armed Forces leadership have granted credibility to the president's words," in which he denied the charges made against him by his former collaborator, an official spokesman said.

In an interview with a local television newscast, Botero, who has been under arrest since August in a military base in Bogota, said that the Colombian president "is seriously involved" in the entry of mafia money into his political enterprise.

Following the statements by the former Samper campaign director, opposition sectors demanded the president's resignation as the only way out to the institutional crisis that South American country faces.

In a short message, Samper said that he will not resign and announced that he has summoned a Council of Ministers meeting to adopt measures that will allow him to continue ruling the country until August 1998.

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Colombia's Samper Meets With Advisers on Botero Statements

PA2301034496 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 23 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] There is complete silence at Narino Palace. The government has not issued any official communique despite the explosive statement by former Defense Minister Fernando Botero Zea. Nevertheless, we have learned that President Ernesto Samper is meeting behind closed doors with his advisers, Foreign Minister Pardo and Justice Minister Medellin. They are jointly studying what to tell the country in the next few hours.

Colombia's Samper: Botero's Statements False

PA2301143096 Santa Fe de Bogota Radio and Television Networks in Spanish 1310 GMT 23 Jan 96

[Telephone interview with Colombian President Ernesto Samper by announcer Juan Gossain in Santa Fe de Bogota; from the "Latin American Solar Newscast" — live]

[FBIS Translated Text] [Gossain] Former Defense Minister Fernando Botero Zea, who was President Samper's presidential campaign director general, has said that when Samper was candidate, he was aware of the presence of drug trafficking money in the financing of his campaign. Good morning, Colombian President Samper.

[Samper] Good morning, Juani. Good morning to all listeners of the Solar Radio Network.

[Gossain] Mr. President, what can you tell Latin America, which Solar Radio Network has linked up with this morning, about this issue? What is the situation in Colombia today? How is the current crisis coming along?

[Samper] Well, it certainly is a sad event for Colombia and Colombians. Regrettably, it is the type of event that takes place in an economy in which, as in ours, the drug issue is very sensitive. However, I can assure you, as I did in the investigation that absolved me from all charges in this regard a few months ago, that former Minister Botero's statements are utterly false to him and to our relationship. [sentence as heard]

[Gossain] Mr. President Samper, why are you saying Botero's statements are false if he affirmed he has evidence supporting him? Why did you say he is contradicting himself?

[Samper] Well, I believe that Dr. Botero, who is under legal and family pressure, made the decision to make this reckless report, which certainly challenges the truth. Since there is only one truth, it is here that contradictions emerge; it is here from which, I repeat, this situation has emerged. I swear we will come out of this situation with flying colors. I have faith that the country will be able to overcome this difficulty too and that we will soon have the opportunity, as many other Latin American friends do, to live in a country free from this type of attacks and fears.

[Gossain] Mr. President Samper, last night you told the country that you were meeting with the Council of Ministers. This meeting will continue this morning after it was suspended earlier this morning. You announced that measures will be taken to control the country's governability. What does this mean? What measures are you planning to adopt?

[Samper] It means that we will adopt a number of regulations that will allow us to find paths of reconciliation among Colombians; it means that we will take a number of precautionary measures to offer the necessary security to the supervisory and legal bodies. It means that we will increase the presence of our security bodies in those areas that are rather vulnerable; it means that we will have political opportunities to negotiate and reach a consensus to ensure the country will find the path to governability.

[Gossain] In conclusion, Mr. Colombian President, Dr. Botero said you lied to the country. You said Dr. Botero was the one who lied to save himself. In view of these two positions, which contradict one another a great deal and which diametrically oppose one another, who must decide the outcome of this conflict?

[Samper] Well, I believe that the people who believe in me have already made a decision on this, because they know that if I am telling the truth, it is because I am telling the truth. Finally, Dr. Botero is the one who is currently being accused and involved in a legal process. I believe that the legal organizations will ultimately be the ones that will resolve this conflict.

[Gossain] Do you mean the Prosecutor General's Office?

[Samper] The Prosecutor General's Office and Dr. Botero's natural judges [jueces naturales] and mine.

[Gossain] Mr. President, thank you very much. You have been very kind to the "Latin American Solar Newscast" and to Colombia's Radio Cadena Nacional Network.

[Gossain] Thank you very much, Juan.

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Rumor of Possible Attack on Colombian Prosecutor General

PA2301040596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 23 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] An unusual police operation at Eldorado's airport this weekend unleashed rumors of a possible attack on Prosecutor General Alfonso Valdivieso Sarmiento. The Office of the Prosecutor General of the Republic has confirmed the rumor:

[Begin unidentified reporter recording] At approximately 1950, the first man was captured in Cucuta when he was on board Avianca flight No. 151. One of the passengers on board that airplane was Prosecutor Valdivieso. The prosecutor's bodyguards arrested the man, the identity of whom has been kept secret by the authorities.

According to preliminary reports, he was carrying the money to pay for the attack in Santa Fe de Bogota. The airplane took off at 2130. In addition, Catam [Air Force Base at Eldorado airport] intelligence officers in Santa Fe de Bogota captured John Jairo Rodriguez Jimenez and Hector Manuel Sanabria who were in the restricted area where flight No. 151 was initially scheduled to land. Another suspect was arrested in Medellin.

Authorities fear these may be one of the first operations by fugitive drug trafficker Jose Santacruz Londono. [end recording]

Colombian Comptroller General Turbay Linked to Case 8000

PA2301122896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 23 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Comptroller General David Turbay will be formally linked [vinculado formalmente] to Case 8000. The Supreme Court of Justice has decided that the evidence against him calls for opening a criminal investigation. Turbay will be summoned within the next few days to answer accusations of illegal enrichment. His name initially appeared on the bills of the Cali Intercontinental Hotel. Turbay's name also appears in the accounting books of Miguel Rodriguez Orejuela on some diskettes and microfilm found by the Search Bloc in the office of Guillermo Pallomari, the cartel's accountant, under the code of D. Turbay. The Supreme Court of Justice also accepted statements by Guillermo Pallomari to faceless prosecutors in the United States, where Pallomari claims Turbay received several checks for his campaign under the code of Ltd1 and Lt2. Pallomari also accuses him of having a close relationship with the Rodriguez Orejuela brothers. Prior to knowing that he would be called to testify, the "Seven O'Clock Newscast" today interviewed the comptroller:

[Begin Turbay recording] In the event the court finds some indications that I should be called to make any statements, I am willing to appear before the top court of Colombia, without this implying that I will resign my post. [end recording]

Felix Turbay, the comptroller's brother and representative before the Chamber of Representatives, also appears involved in the same investigation. There are other charges against Felix Turbay before the Supreme Court of Justice for apparently having received money from an alleged narcotics trafficker named Salomon Camacho who had given him a check for 130 million pesos. A group of former officials of the past administration, the widow of Luis Carlos Galan, a pro-Pastrana senator, and other notables got together and sent a plan, which — according to them — will bring this country out of the political crisis it is experiencing. This is the way the comptroller general and the attorney general reacted to the request made by the former officials of the Gaviria administration who signed the Agenda '96 document in which they clearly request their resignations:

[Begin recording] [Turbay] I flatly reject the privatization of justice and the undue pressures exerted on Colombian justice. Where are my checks? Where is my responsibility? Where are there serious indications? Where is the evidence that says that David Turbay is a comptroller who is failing his country.

[Attorney General Orlando Vasquez Velasquez] We must flatly reject anything that goes against the dignity and honor of persons, particularly when these charges come from persons who are also being seriously questioned themselves. Inasmuch as there is no evidence or reasons, naturally, I have not even given any thought to resigning. [end recording]

A high-ranking government source this afternoon told the "Seven O'Clock Newscast" that Agenda '96 is a cynical document that is nostalgic for power. It is cynical because those who today are asking for reforms are the same ones who could have made them yesterday, and they are nostalgic for power because they have not resigned themselves to the fact that their time is over.

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Colombia: Outlook for Coffee Sector Discussed

96CA0092A Santa Fe de Bogota SEMANA in Spanish 19 Dec 95 pp 90-91

[Article: "Bitter Outlook"]

[Text] The first such announcement came from President Ernesto Samper at the National Congress of Coffee Growers on 4 December, when the Chief of State promised coffee growers a substantial aid package. The second bonus accompanied the tax reform bill passed by Congress last week, a bill providing that 10 percent of all additional resources collected by the government from the increase in the VAT [value-added tax] would be earmarked to help pay off bank debts of small producers.

Nevertheless, despite the fact that both announcements fulfill long-held aspirations of coffee growers, they were not met with overwhelming enthusiasm. There are those who claim that this will be many growers' last chance. If the solutions proposed fail, chances are that all options have been completely exhausted because the outlook for 1996 is quite grim.

To put it bluntly: During a year when coffee growers have wallowed in their crisis, prices have been relatively good and there was even talk of a boom in the world. Nevertheless, the situation will be rendered more difficult in the future by a major increase in production, mainly due to the recovery of the Brazilian harvest, which U.S. State Department estimates put at over 25 million bags. A surplus on the market would knock prices far below their current level.

Producer countries therefore remain hopeful that hold-back plans will work and that importers' inventories will drop. Given such a scenario, prices would be around $1.20/lb. next year, inadequate for Colombian beans in any case. In other words, if people get what they ask for, coffee growers will still lose.

The fact is that Colombia's production costs are higher than elsewhere in the world because of labor costs and the revaluation of the peso. In order for Colombian coffee exports to turn a profit, the price would have to top $1.30/pound based on the most conservative estimates. Figures on how much it costs to produce a pound vary. While the Federation of Coffee Growers estimates that the cost would be $.95, Coffee Unity calculates $.85. To both figures, one must add $.20 for export costs and another $.20 for the Federation (the latter covering such items as promotional efforts for Colombian coffee abroad, research, and service on the debt of the National Coffee Fund). In both cases, the result is higher than the international price projected for the coming year.

The difference in production costs compared with other countries is enormous. For example, it costs Costa Rica $.80 to produce a pound of coffee, and Brazil $.50. However, the litany of difficulties of Colombian coffee abroad transcends price considerations alone. Its market share could drop, making way for lower-quality coffees such as Asian brands. Multinational roasters have made remarkable progress in blends and improvements in beans and are thus obtaining high-quality coffee at a price far below Colombia's.

Given such prospects, various quarters—beginning with the government—emphasize that it is high time for radical changes in Colombian coffee growing methods. One would be to increase productivity per hectare and thus reduce costs. In addition, only the most suitable land should be planted in coffee and the rest shifted to other uses, which could include livestock breeding or traditional agriculture. Alternative options would have to be created for displaced workers. The government has envisioned setting up small businesses in the area.

While arguments over productivity and viability are advanced by experts in Bogota, the perspective of producers in coffee-growing regions is different. For them, growing coffee beans has provided a living for 350,000 families for decades, and it is practically impossible to attempt to effect a change in just a few years. Moreover, they recall that the stability of the peasantry is so important that developed countries spend hundreds of millions subsidizing their farmers. Curiously enough, because coffee growing generates jobs, economies such as the Vietnamese and Indonesian have promoted it!

The important thing now is to ensure that plans drawn up by the government and the Federation truly serve growers and enable them to overcome the current crisis, helping them meet their credit obligations and adopt new technologies in order to improve productivity and income. If these plans fail or prove to be insufficient, the situation will grow even more complicated. The Federation notes that under the current circumstances, the only additional aid that the National Coffee Fund can give growers is to maintain the purchase price of an arroba [25 lbs.] of coffee at 201,000 pesos. If things continue as they are now, all indications are that in the land where the mildest coffee in the world grows, people will begin to notice only its bitter taste.

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Low Market Share of Colombian Beans (in Percent)

Type	1990-1991	1994-1995
Brazilian	26	25.9
Colombian	16.4	14.6
Other Arabicas	32.1	36.0
Robustas	25.4	23.5

Colombia: Security Cooperative Accused of Abuses

96CA0095A Santa Fe de Bogota EL TIEMPO in Spanish 12 Dec 95 p 12A

[Article by Orlando Leon Restrepo]

[FBIS Translated Text] Medellin—Last Thursday 4 December a young boy went to the small church in one of the hillside neighborhoods in the northeastern district of Medellin, looking for the priest.

"Father," said the boy in confession, "I have to make first communion before 8 December, because the people from the Community Service and Security Cooperative (Coosercom) threatened me and I have to leave the neighborhood. They gave me that date as a deadline."

Five days before that confession, a few blocks down, dozens of low-income children attended a children's show and were given presents and candy by the members of the Cooser:om.

These two faces of the ex-militiamen give some idea of the ambivalences and contrasts that the armed peace has brought to the poor neighborhoods of Medellin in the last year and a half.

The former militia members have been accused of abusing the community. Residents of the neighborhoods of Carpinelo, La Avanzada, La Esperanza, Puerto Arturo, and Carambolas, where some 10,000 families live, say that they have seized land through murder, blackmail, and threats made to small landowners.

In view of this situation, local and national authorities have discussed the idea of disarming them.

Dario Mejia, director of the Rehabilitation Program in Antioquia, states that the National Government wants to disarm Coosercom because some of the violence now going on in the northeastern neighborhoods of the city has been caused by the cooperative itself, and disarmament may be one solution.

"I think the public agencies should fulfill their constitutional duty. If the ex-militiamen are willing to work with public authorities, fine, but they always come with arguments and excuses to remain armed."

The government has invested 2 billion pesos in the 360 ex-militiamen and members of the Socialist Renewal Current (CRS) of Moravia, who signed the peace agreement. Former militia members who do not belong to the Security Cooperative have also benefited from these programs.

The money has been distributed in the form of monthly salaries of 150,000 pesos and social investment projects.

In addition, Carlos Alfredo Cock, attorney general for Antioquia, stated that although his office has not received any new complaints against the ex-militiamen, they should lay down their arms. "That is the position of the attorney general of the nation, and it is mine as well. The State should be in control of weapons," said the official.

Moreover, the public defender for Antioquia, Alvaro Gonzalez Velez, indicated that it is not easy to get the ex-militiamen to rejoin society and cease their illegal activities if they are allowed to continue using their weapons as a source of income.

"The actual orientation of the process must be for them to develop their own citizen initiative that does not depend on their using or bearing weapons," he declared.

Juan Guillermo Sepulveda, Peace and Fellowship [Paz y Convivencia] adviser for Medellin, contends that the Coosercom experience has been a failure because of the many problems that have been involved.

Sepulveda advocates taking up the cooperative's proposal again, cancelling it, and activating other levels of productivity.

Mario Correa, regional director of prosecutor's offices in Medellin, says that "the State is the only entity that can run that service, with armed citizen patrols, and even among the ex-militiamen there are some who advocate disarmament."

The Office of the Prosecutor stated that it is not a party to the negotiations, and explained that it does not oppose the process. Its task is to arrest those who need to clarify their legal status, it noted.

Ex-Militiamen Speak

James Orrego, acting manager of the cooperative since Manager Carlos Ospina was arrested, believes that the erosion of the process cannot be fixed by disarming the organization.

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The administrator defends himself and accuses the evaluating commission of being unable to seek proposals and propose changes in the way services are rendered.

Regarding the complaints heard from residents of hillside neighborhoods, Orrego says that they are willing to study the situation provided that there are specific charges and not rumors or tips from anonymous sources.

According to the Coosercom manager, the ex-militiamen are aware that the security they provide is not what a private entity would provide, but he contends that the cooperative can compete and reach the level of development that other security companies have attained.

"It is not enough to give money; there has to be a real, honest involvement by many institutions that made a commitment to the process. We feel alone," concludes Orrego.

During a meeting with the government, the former militia members asked for corrective measures to be devised and new methods developed so that the provisions of the agreement can continue to be carried out.

They claim that the proposed projects have not been implemented, that only two of their members have been pardoned, that the production projects are slow because there is no training, and that they hope the government will give more aid to those who are not in the cooperative until their projects are under way.

The ex-militiamen recognize that there are still problems in the process, such as the disputes among some members of their groups and the murder of rehabilitated militiamen, 78 to date.

Homicides Down

The Metropolitan Police have disclosed that the statistics from last year show a decline in the number of homicides in the northeastern sector, where the rehabilitated militiamen [reinsertados] are operating.

It moved from first to second place in the ranking of high-crime areas.

According to figures compiled by the Department of Criminological Studies of Medellin (Decypol), between January and early December 1994, 1,030 persons met violent deaths in that sector of the city, whereas in the same period this year, 896 homicides have occurred.

Now, the dubious honor of first place goes to the east-central district, where last year 1,567 violent deaths were recorded; as of 7 December, 1,375 murders were committed.

Ecuador

Ecuadoran Military Commanders To Meet Peruvian Counterparts

PY2301012596 Madrid EFE in Spanish 1939 GMT 22 Jan 96

[FBIS Translated Text] Quito, 22 Jan (EFE) — It was reported today that top military commanders from Ecuador and Peru will meet on 10 February in garrisons on the border between the two countries to analyze the peace process being carried out by the Ecuadoran and Peruvian governments.

The meeting, proposed by George Mackafree, head of the U.S. Southern Command, [name and title as received] has been accepted by Ecuador, as confirmed today by Ecuadoran Army Commander General Paco Moncayo.

"Ecuador has already accepted and supports Mackafree's proposal. Therefore, General Jorge Ortega, head of the Joint Command, will participate in the meeting scheduled for 10 February," Moncayo said in remarks to the daily EXPRESO from Guayaquil.

Subjects related to the development of the Itamaraty Agreement signed on 17 February 1995 will be discussed at the meetings that will be held at the border garrisons of Soldado Monge (Ecuador) and Watch Post One (Peru).

Ecuador and Peru, which waged an undeclared war between 26 January and 28 February 1995, are fighting over territory with no border markers on the common Amazon border.

"Peru must understand that having achieved the Rio de Janeiro Protocol through an invasion and a continuous war-mongering position was a pyrrhic victory which has not achieved any solution to date," Moncayo said, referring to the border treaty signed in 1942, the validity of which is rejected by Ecuador.

He added: "The Armed Forces of Ecuador are at peace, but if Peru insists on a new military campaign, it will again find a people and an Armed Forces ready to sacrifice themselves for their dignity."

According to Moncayo, the only thing Peru would attain with a possible demarcation of the border "by force" would be postponing for another 50 years the solution to the border conflict. For this reason, he insisted that "the only feasible solution is through negotiations, not through imposition."

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Ecuadoran Secretariat on Bilateral Ties With Peru

PY0501142096 Quito Voz de Los Andes in Spanish 2300 GMT 5 Jan 96

[FBIS Translated Text] On the eve of the first anniversary of the war in the Upper Cenepa region, the State Communications National Secretariat has announced that Ecuador is determined to maintain bilateral ties with Peru despite the current strain in their relations.

The war waged a year ago and the recent rhetoric, both of which were started by Peru, do not contribute to the spirit of cooperation that should prevail to achieve the development and integration sought by the two countries and their peoples.

A binational health meeting was held in Machala at the end of 1995 to study an Ecuadoran-Peruvian technical cooperation program entitled: Project For a Healthy Border.

The initiative to be officially implemented during a meeting at the ministerial level soon to be held in Lima, seeks to strengthen bilateral agreements to jointly combat endemic diseases like cholera, dengue and yellow fever.

Moreover, Ecuador expressed its hope that with the expansion of the Ecuadoran-Peruvian commercial agreement signed one month ago, bilateral trade will total $100 million in 1996.

Jose Vicente Maldonado, minister of industry, commerce, integration and fisheries, said the new bilateral agreement enforced as of 13 December, added 91 new byproducts to the bilateral trade list.

He added that a 10-percent tax was enforced on 1,340 Ecuadoran byproducts and 1,300 Peruvian byproducts which were not considered last year in view of the special circumstances that prevailed then.

Ecuadoran Defense Minister Announces Generals' Promotions

PY1001202196 Quito Voz de Los Andes in Spanish 1700 GMT 10 Jan 96

[FBIS Translated Text] Defense Minister Alfonso Alarcon has reported that Ecuadoran Generals Paco Moncayo and Jorge Ortega, Army commander and Armed Forces Joint Command chief, respectively, will be promoted to the rank of Army general on 27 February.

Alarcon explained that Moncayo and Ortega, who are currently division generals, will continue their current duties within the Ecuadoran Armed Forces.

Under the Armed Forces Personnel Law both generals must place their post at the disposal of the president two months before completing three years as division generals.

Military regulations do not allow anyone to remain more than two years in the same post, but Moncayo and Ortega assumed the Army Command and the Armed forces Joint Command just a few months ago.

It is of the exclusive jurisdiction of the president to appoint the defense minister, the Armed Forces Joint Command chief, and the Army, Navy and Air Force commanders.

There are currently seven division generals and 15 brigadier generals in the Ecuadoran Army. There are three vice admirals and 13 rear admirals in the Navy, while in the Air Force there is one lieutenant general and six brigadier generals.

Economic Groups Assess Ecuador's Financial Situation

PY0501155396 Quito Voz de Los Andes in Spanish 2300 GMT 4 Jan 96

[FBIS Translated Text] Members of the economic front and the Congressional Oversight Political and Fiscal Committee today held a meeting to discuss several national financial issues.

During this meeting, Economist Ana Lucia Armijos, president of the Monetary Board, announced that a new credit line for 1 billion sucres will be opened to reactivate national production. She added this credit will be financed through an Andean Development Corporation loan for $200 million; bonuses issued by the National Financial Corporation for the amount of 3.4 billion sucres — 20 percent of the required reserve that financial institutions have in the Central Bank totalling 180 billion sucres. All these resources will be invested to reactivate production.

Armijos also explained that a follow up will be implemented to ensure that these resources are used to overcome the matured portfolio affecting certain institutions. She said some actions have been undertaken to counteract the financial crisis, among which is the urgent economic program being discussed in Congress. This program allows financial institutions access to the liquidity portfolio that the Central Bank currently makes available to those banks that experience a massive withdrawal of funds.

She explained that the hike in interest rates was caused by several factors such as short-term savings, speculation caused by a devaluation process, and uncertainty.

Finance Minister Ivan Andrade said it is expected that interest rates will be reduced to 40 or 45 percent. He said

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this rate is acceptable and will allow the development of production.

He added that several measures have been issued to create the proper atmosphere that will encourage the confidence of investors. He said: We must take into account that Ecuador has neighbors that have better economic indicators than ours.

Bank Superintendent Mauro Entriago said that in November 1995, financial institutions experienced liquidity problems but they remained solvent. He said this was caused by the gradual growth of matured portfolios. He added that in view of this, permanent inspections are being conducted to assess the risk assets.

Mauro Entriago said that as a preventive measure greater responsibility has been granted to external auditing exercises prior to authorization by the Superintendency of Banks. He said financial institutions are now obliged to publish in the media their financial status so that consumers may have full access to information that will allow them to decide how to invest their moneys.

Peru

MRTA Shipped Arsenal Via Peru for 'Andean Liberation Army'

PY2201233496 Madrid EFE in Spanish 1609 GMT 21 Jan 96

[FBIS Translated Text] Nestor Cerpa Cartollini, leader of the Tupac Amaru Revolutionary Movement (MRTA), has sent a powerful war arsenal from Panama via Peru through the Ecuadoran border, an arsenal which was later transported to Bolivia to equip the so-called "Andean Liberation Army."

A police source reported today that the arsenal was shipped in March 1995 by Cerpa Cartollini himself inside compressors, dozens of gas balloons and vehicles which had double bottom engines, as revealed by Peruvian anti-terrorist police intelligence agents.

The person in charge of verifying the shipment of weapons was leader Nancy Gilvonio Conde, "Rosa," Cerpa's lover, who was captured in December 1995 together with 21 other MRTA terrorists in a bloody operation carried out in Lima.

Miguel Rincon Rincon, the "number two" of that gang, and U.S. citizen Lori Berenson were captured in that operation, and one week ago they were sentenced, together with Gilvonio, to life imprisonment by a "faceless" judge advocate.

Panamanian Pacifico Castrellon, who was sentenced to 30 years' imprisonment, was also captured in the operation.

According to the police source, Comrade "Rosa" was advised by MRTA leader Rodolfo Klein Samanez, alias "Dimas", current right arm of Chilean arms trafficker Manuel Cruz Suarez.

Gilvonio took the weapons by ship to Quito, where she met Joaquin Cartollini, Nestor Cerpa's uncle, who was charged with transferring all the equipment to a company established by the MRTA in the northern town of Trujillo (Peru).

The arsenal was then sent to Lima, where it was received by the MRTA leader himself in a warehouse in the poor neighborhood of Comas, for subsequent transfer to La Paz.

Intelligence agents have reported that the man in charge of receiving the weapons in La Paz was Justino Soto Vargas, who, upon arrest, did not reveal the place where the war arsenal was hidden, an arsenal that was to have been handed over to the "MRTA members" of the "Andean Liberation Army."

This army is reportedly made up of other Bolivian and Chilean armed gangs which were planning, jointly with the MRTA, to carry out their first simultaneous attacks in December 1995, a plan that was frustrated when Rincon Rincon and 21 other terrorists were captured.

According to the plan, the "Andean Liberation Army" was to have begun organizing in the Peruvian jungle with a column of 90 men, 30 of whom would go to Bolivia and 30 to Chile.

It has been learned that U.S. citizen Berenson was the one in charge of coordinating the unification of the international subversive groups, because she had contacts with the leaders of the MRTA international line and with the chief of the group.

General Says Detention Part of Peruvian Army 'Plot'

PY2201181996 Lima LA REPUBLICA in Spanish 12 Jan 96 p 17

[FBIS Translated Excerpt] General Jaime Rios Araico, former commander of the Huallaga Front, is under severe punishment for having revealed to LA REPUBLICA the real reason he is being held for the last 20 months in a military prison while his proceedings in the military and civilian courts remain unresolved.

The visits from Rios Araico's family have been cut to one per week; he is not allowed to accept food,

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newspapers, or magazines from his relatives; he cannot go out into the main courtyard; is not allowed to use the public telephone in the prison; and, if that were not enough, his wife has received phone calls telling her to keep her husband quiet "to prevent her children from being hurt."

The reprisal began on 6 January when LA REPUBLICA published the first of two reports on Rios Araico's comments.

Rios Araico decided to speak out to reveal that the military court proceeding being held against him since October 1993 and the criminal charge in a civilian court against him since February 1994 are part of a plot by the Army command to protect General Eduardo Bellido Mora, who replaced Rios Araico in the Huallaga Front in 1992 and 1993.

Rios Araico's relatives pointed out that an unidentified high-ranking officer asked Rios to send a letter to the media denying his comments and clarifying that LA REPUBLICA's report was a fabrication. [passage omitted]

Rios Araico was tried for allegedly permitting the illegal activities of drug trafficker "Vaticano" in 1991 when he was the commander of the Huallaga Front. But according to the testimony of drug trafficker "Vaticano," his drug trafficking activities lasted until March 1992, that is, when General Bellido Mora was in command.

But General Bellido Mora was never tried by the military court and not even denounced before a civilian court. In the days when "Vaticano" was arrested in Colombia, the high military command appointed General Bellido Mora military attache to Israel, which is a position Bellido Mora already held and was not eligible for it.

Rios Araico says that even if he had known about "Vaticano's" activities in the Upper Huallaga, he was prohibited from acting because according to regulations he was only allowed to fight subversion and not drug trafficking, which was a job entrusted to the National Police.

The Armed Forces were only authorized to fight drug trafficking since 1992 when the front was commanded by General Bellido Mora, who was denounced by officers who worked with him of doing nothing to stop the drug mafias. [passage omitted]

Uruguay

Official Sources Deny Crisis in Uruguay's Armed Forces

PY2001002196 Montevideo LA MANANA in Spanish 12 Jan 96 pp 2, 3

[FBIS Translated Excerpt] A high-ranking government source has told LA MANANA that the renewed rumors regarding the fact that there is concern within the Armed Forces, especially in the Army, have ended up as a mere exercise of sensationalism of a certain sector of the media "that does not have any other headlines to attract the attention of its readers."

For a week now a certain sector of the media has insisted on stressing that certain groups, which it calls "lodges," have expressed their disagreement with the high command and that some of the "members" of these lodges have even created a "private intelligence service" to spy on their comrades in arms.

Army Commander Juan Crutchet himself has said that the rumors are completely groundless, and yet the topic was insisted on despite this statement.

The topic was jumbled to such an extent that events that occurred 10 or more years ago were presented as though they were occurring today, and this came as a notorious surprise for the official sources and the military chiefs.

The reiterated mentioning of the existence of lodges is considered as a pretext to point to, "in a subliminal way, to Freemasonry, which has nothing to do within the country's Armed Forces as a philosophical organization," the sources said. [passage omitted]

To Distract Attention

The rumor about an alleged "private intelligence" service, which the morning newspaper [name not given] attributes to General Fernan Amado, "is nothing but a mixture of old rumors, alleged names, and aliases of also imagined persons," the same as the rumor about the existence of "lodges."

As official sources have insisted from the beginning, the internal situation is as normal as always, and there exists "the firm spirit of natural discipline that is imparted within the Armed Forces and consequently subordination to the leadership structure that has at its top the supreme commander of the Armed Forces, in other words, the president." It is the belief of the sources that all the conjectures that are being bandied about are nothing else but "a clear purpose to cover up the undoubtable violation of current ethical and moral administrative rules and regulations, such as the violation of these rules and regulations by former

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[Montevideo] Mayor Tabare Vazquez, of the Broad Front, in the tenders that were awarded to his son's enterprise."

Basically, this problem is essentially administrative and also notoriously political due to the logical repercussions, "and will be followed by measures that are to be adopted by the Health Ministry, measures that include an indictment, and it is quite certain that the official that is involved (Vazquez) will be separated from his post," and according to the sources there is the intention to dampen it, "to strike it from the mind of public opinion" with "this speculation about the Armed Forces."

A Suspicious Insistence

The sources that know the Army's internal situation very well say that "all the information that is being evaluated is once again linked to with former officers that are members of the Broad Front and these officers indicate that it was General Liber Seregni himself who demanded and obtained, in negotiations with the political powers, a redress of their pensions." It must be pointed out that while this was occurring with the return to democracy, other military men in the same situation did not receive the same attention and they have not been looked after up to the present time. [passage omitted]

Up to the present time the government has remained silent regarding all these events that repeatedly try to indicate that the Army, especially, and the Armed Forces in general are involved in unconstitutional matters. [passage omitted]

Consortium Contests Award of Contract to IBM Uruguay

PY2301020996 Madrid EFE in Spanish 1403 GMT 22 Jan 96

[FBIS Translated Excerpt] Montevideo, 22 Jan (EFE) — A consortium led by Union Fenosa from Spain and Sonda from Chile has sought an injunction preventing IBM Uruguay from being awarded the contract to modernize the Uruguayan computerized Social Security system. This was made public today by Javier Lopez Costa, a Union Fenosa manager.

Lopez Costa told EFE that he had demanded the Social Security Bank (BPS) of Uruguay to give a technical explanation to the aforementioned consortium, since their tender for the modernization of the Social Security system was turned down even though it was half the amount of the tender submitted by IBM.

The tender put in by a Canadian company exceeded $13 million, the tender made by the Uruguayan subsidiary of the informatics giant IBM added up to $8.6 million, and that of the Ibero-Chilean consortium totaled some $3 million.

Spain and Uruguay signed on 8 December 1995 a bilateral agreement on technical, administrative, education, and cultural cooperation, which includes a paragraph specifically dealing with the reform of the Social Security system and the necessary technology transfer to implement it. [passage omitted]

The BPS experts who awarded the tender to IBM by four votes in favor, with two abstentions, were of the opinion that the tender submitted by the consortium led by Union Fenosa and Sonda did not offer to the BPS the necessary guarantees for the required tasks.

The injunction filed by the attorneys of Union Fenosa and Sonda on 19 January points out that "the wide recognition earned by both companies at home and abroad" offers "sufficient guarantee to undertake this project," adding that the solution proposed to the BPS "met all requirements concerning the price, making possible the implementation of the new Social Security Act within the framework of the established terms."

Survey Results Show Uruguay Mayor's High Popularity

PY2001001996

[FBIS Report] Montevideo EL OBSERVADOR in Spanish on 10 January publishes on page 7 a 700-word article on results of a survey showing Mayor Mariano Arana's high popularity rating.

The article stresses the fact that the position of Montevideo's mayor is the second in importance in the country and a springboard in a candidate's race for the Presidency, adding that Arana receives more support now than when he was elected in November 1994 (45 percent).

The article says that Equipos Consultores Associados consulted with 1000 individuals 18 years of age or more between 15 and 25 December 1995. The article explains that 500 of the individuals questioned lived in the capital and 500 in 24 cities and towns of more than 10,000 inhabitants around the country.

The article says that 56 percent of those consulted approves Arana's performance as Montevideo's mayor, 24 percent of those questioned did not approve or disapprove, 14 percent of those consulted disapproved his performance, and 5 percent did not comment.

The article further says that Arana's strength seems to be that he receives wide support from almost all social and political groups, except for those who identify themselves as being from the right. Thus, 81 percent

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of those from the left, 79 percent of those from the center left, 50 percent of those from the center, 40 percent of those from the center right, and 26 percent of those from the right approve of Arana's performance as Montevideo's mayor.

Venezuela

Venezuelan Minister Views WTO Ruling Against U.S.

PA2201044096 Caracas EL UNIVERSAL in Spanish 18 Jan 96 p 2-1

[FBIS Translated Text] Caracas-Washington — The WTO yesterday issued its first ruling in favor of Venezuela and Brazil in their international controversy against the United States for charges of discrimination against their gasoline. Venezuela and Brazil have argued before a panel of WTO experts in Geneva that certain U.S. environmental regulations establish different requirements for imported fuel. The decision of the panel of experts became known in Washington where the Office of the U.S. Trade Representative [USTR] admitted this defeat. In a communique, the USTR stated that the WTO panel of experts had determined that the EPA's regulations are discriminatory against Venezuelan and Brazilian gasoline with regard to U.S. gasoline. This communique added that Mickey Kantor of the USTR will examine possible legal alternatives, including an appeal of the WTO ruling.

Venezuela had initially filed this complaint. This country is the main exporter of gasoline to the United States. According to Caracas, an unfavorable decision would have cut Venezuela's gasoline exports to the United States by a third. Venezuelan gasoline exports amounted to $478 million in 1993.

This controversy is the second one that has come before the WTO, which was created in January 1995 to replace the GATT, and the first one the WTO has examined in plenum.

Diplomats in Geneva said this decision could generate a new discussion as to whether trade regulations are more important than environmental considerations.

According to the United States, these environmental considerations are the basis for establishing guidelines for imported gasoline and ensuring a reduction of polluting gas emissions.

Moreover, Venezuela and Brazil had argued that the U.S. standard was a protective barrier disguised as environmental protection. The WTO's procedure to settle disputes is considered an improvement compared to the GATT, which took years to solve problems.

This new procedure establishes strict guidelines to resolve disputes among the 114 WTO members and prevents any country from deterring the implementation of a WTO decision.

In case an appeal is denied, the party that violates a standard should modify its behavior so as to avoid any sanctions.

This procedure has encouraged various countries to file complaints that had not been brought before GATT.

The Venezuelan Government Is Satisfied

Development Minister Werner Corrales, who is also president of the Foreign Trade Institute, has said the Venezuelan Government is satisfied with the result of the final report presented by the special WTO group that examined Venezuela's and Brazil's claims against U.S. regulations for reformulated and conventional gasoline.

Corrales has said: "Not only does this ruling affirm the validity of the executive branch's decision to defend Venezuela's rights before the WTO but also proves that the WTO's ability to resolve disputes is an essential and effective resource for developing countries to counteract restrictive trade practices adopted by industrialized countries in violation of international agreements."

Corrales added: "The final report will be distributed to all the WTO members on 29 January 1996 and should be adopted within 60 days by the WTO's Dispute Resolution Commission unless the United States appeals." In addition, Energy and Mines Minister Erwin Arrieta has commended the decision of the Geneva based WTO that declared the U.S. environmental laws on gasoline as illegal.

Arrieta has said: "This brings the situation back to normal," stressing that Venezuelan gasoline was "unjustifiably" restricted "from a market in which Venezuela has been complying with environmental regulations in this region, particularly in the United States."

Arrieta has said Venezuela does not expect to increase its gasoline exports to the United States. The WTO declared in its first decision since it began operating last year that the U.S. environmental regulations on gasoline were illegal. Venezuela and Brazil argued that the United States had forced them to produce cleaner gasoline than the gasoline produced by U.S. companies, thus giving an advantage to these companies.

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Venezuela's Finance Minister Views Role of Brady Bonds

PA2001151896 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Jan 96

[Report by Pedro Prado]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar denied that the Exchange Administration Board [JAC] will restore the use of the Brady bonds as a basis to establish exchange rates for travelers.

Matos Azocar met with the Finance Ministry's representatives at the JAC who informed him that the JAC does not intend to use the Brady bonds as a basis to establish exchange rates for travelers.

[Begin Matos Azocar recording] Through a special fund, the Venezuelan Government is willing to strongly intervene in this market to prevent speculations. The JAC has not established the use of Brady bonds or of any other financial instrument as a basis to establish exchange rates. [end recording]

Regarding the negotiations with the IMF, Matos Azocar will meet next Tuesday with Vilka Casanegra, head of the IMF delegation. It became known that other IMF specialists are in Venezuela.

[Begin recording] [Matos Azocar] A Venezuelan delegation will travel to Washington by the end of next week to discuss some legal aspects.

[Unidentified reporter] Will you travel to Washington, too?

[Matos Azocar] No, only a delegation of specialists will do so.

[Reporter] What will this delegation do exactly?

[Matos Azocar] Well, this delegation will continue giving finishing touches to various points that are under discussion with the IMF so as to prepare a draft of a preagreement. [end recording]

Matos Azocar has confirmed that Venezuela's international reserves amount to $9.8 billion and will experience a positive impact as a result of the oil opening.

Venezuela To Meet IMF Request on Higher Fuel Prices

PA1701190396 Caracas Venezolana de Television Network in Spanish 1545 GMT 17 Jan 96

[Report by Zayda Pereira]

[FBIS Translated Text] Gasoline prices will rise yet again within the next eight months, just as the IMF has requested. Venezuelan Petroleum President Luis Giusti assured at the opening of the corporation's new headquarters that vehicle registration information gathered under the current public transportation system and the vehicle gas program would be ready by then, preventing a sudden jump in transportation rates. Studies have also been conducted on gasoline rates and the losses Venezuelan Petroleum would sustain if prices are not increased:

[Begin Giusti recording] Losses for this year are estimated at some 180 billion bolivares, including 60 billion bolivares in direct losses. The rest is cost of opportunity, meaning this is what the national treasury would stop receiving. Consolidating these figures in Venezuelan Petroleum accounts, we would have a direct loss equivalent to one-third of the total. These are the ballpark figures for this year. [end recording]

The Venezuelan Petroleum Chamber believes that the 40-bolivar increase in fuel prices is fair:

[Begin Venezuelan Petroleum Chamber President Miguel Bocco recording] We should bring gasoline prices to fair levels without increasing fuel prices to rates charged abroad. [end recording]

Giusti also said the round of talks to promote a petroleum opening [apertura petrolera] that will open next week, in addition to being very important for the country, will bring many surprises.

Venezuela Plans To Eliminate Exchange Rate Control

PA2001152196 Caracas Venezolana de Television Network in Spanish 1545 GMT 18 Jan 96

[FBIS Translated Text] Early today, Coordination and Planning Minister Edgar Paredes Pizzani said the executive has already drafted a proposal to terminate the exchange control. The government is studying the exploitation band system so that once the imbalance between the official dollar and the Brady dollar is corrected the exchange rate control can be lifted.

[Begin Paredes recording] It is important to establish a different yet unified system with no parallel, gray, or Brady markets offering expectations that exceed the Venezuelan economy's substantial reality and affect the country's economic equilibrium. There is no reason for an exchange rate of between 390 and 400 bolivares to the dollar at present. [end recording]

Regarding the Exchange Administration Board's budget, Paredes said the government approved $1.6 billion for the first quarter and that this amount is sufficient to cover all expected imports.

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Venezuela's Executive, Congress Agree on Deficit

PA2001144896 Caracas Venezolana de Television Network in Spanish 0200 GMT 17 Jan 96

[Report by Antonio Jota and Fernando Porte in Caracas — passages within quotation marks recorded]

[FBIS Translated Text] [Jota] The executive branch and the Congress have agreed on the necessary political framework for the creation of measures that will lead to a better handling of the 1996 fiscal deficit.

[Porte] The different political factions represented at the Chamber of Deputies' Finance Committee met with Finance Minister Luis Raul Matos Azocar and Tax Superintendent Jose Ignacio Moreno Leon to work on a series of laws that will allow them to give the country, within the Venezuela Agenda's framework, legal instruments to handle the 1996 fiscal deficit with more ease. The executive branch presented draft reforms to the tax code, the tax remission law, and the tax on business transactions law.

[Finance Committee Chairman Gustavo Tarre Briceno] "Drafts of the main tax laws were submitted to coordinate the Finance Committee's work, at the technical team level, with the executive branch. When Congress' special session begins, we will try to have an evaluation with as many details of the laws as possible, to see if they are approved during the session.

[Finance Committee Member Omar Barboza] "I would say this is the first specific action following the appeal issued by the president of the Republic so that 1996 will become the year of a constructive dialogue."

[Porte] Gustavo Tarre Briceno, the Finance Committee's chairman and COPEI [Social Christian party] member, reasserted the agreement between the committee and the executive branch on most of the bills.

[Tarre] "The goal of the meeting is to begin talks, once the government's economic plans and various economic projects are known, on the methodology with which Congress will handle these discussions during the special session."

[Porte] Democratic Action's Omar Barboza also believes the measures are appropriate.

[Barboza] "There is a positive atmosphere between the Venezuelan Congress and the national government to work on a scheme that reduces the deficit to manageable terms and allows Venezuela to negotiate with international organizations, supported by the entire country."

[Porte] Aside from these considerations, Finance Minister Matos again stated: The control system, supervision of public finances, and changes in the public finance law are part of the decisions outlined in the Venezuela Agenda. The finance minister said there is only one Venezuela Agenda, but all those dealing with the planning sector know new analyses are made according to the degree that the situation changes.

Venezuelan Central Bank Faces 'Serious' Situation

PA2001151996 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 12 Jan 96 p 5

[Report by Armando J. Pernia]

[FBIS Translated Text] To say it in good Venezuelan, the Central Bank of Venezuela [BCV] was saved by the bell. It obtained a contingency fund that allowed it to cover its capital losses estimated at 100 billion bolivares. This is the result of the high cost of the monetary policy and the outstanding debts, both state and Fogade [Deposit Guarantee and Banking Protection Fund] debts.

This information was supplied by a high-ranking parliamentary source, who said that the situation of the Central Bank assets was so serious that, if no urgent measure was adopted, in the month of March the BCV would have had losses equal to its total assets. This would be equivalent to a "technical bankruptcy."

Apparently, the resources to cover this structural gap came from BCV savings and a special subsidy from the national treasury.

However, the source stated that the BCV situation is far from being solvent because the amount of TEMC [Capitalizable Monetary Stabilization Bonds] maturing in 1996 compromise more than 40 percent of the funds from the institution. In view of this situation, the BCV would have to pay these obligations with new Monetary Stabilization Bonds, which would make it nearly impossible to contemplate replacing these costly short-term instruments.

It must be remembered that in an exclusive interview with REPORTE DIARIO DE LA ECONOMIA, BCV Director Domingo Felipe Maza Zavala addressed the danger of maintaining a monetary policy with obligations and called for its modification.

According to the source consulted yesterday, the opinion of the economic expert will prevail, and the replacement of TEMC by Public Debt Bonds under flexible negotiation conditions is under consideration. This will enable the BCV to maintain a precarious budget balance.

The Debt Situation

Not only is the BCV confronting severe internal financial problems, but the state must urgently solve the foreign debt problem this year. This must be done through

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a renegotiation process, an essential negotiation process with the IMF.

The draft bill that is being prepared at the Finance Ministry contemplates more than 1 billion bolivares in special resources to cover the debt payment, both servicing and capital amortization.

In the budget that will be in effect until March, the amount of special resources for debt expenses is 951.573 billion bolivares, of which over 700 billion will be earmarked for foreign public debt servicing and 250 billion will de alloted in keeping with the so-called Umbrella Law. This instrument serves as a ceiling for the national government's new debts, both internal and external.

What OCEPRE [Central Budget Office] is really doing is recalculating revenues in the new budget to allow for a considerable increase in public spending, according to legislative sources. Nevertheless, even the Democratic Convergence [CD] legislative wing expressed alarm over the possibility of a 5 trillion bolivares budget.

In the current reimplemented budget, the real increase of revenues, in percentage terms, is as follows: Income Tax, 61 percent; IVM [expansion unknown], more than 60 percent, as a result of the 15-percent rate increase; customs revenues, 33 percent; and oil revenues will show a nominal 40 percent increase.

The aforementioned data reveal the importance of the supposed beneficial effect for the state of the 290 bolivares to the dollar devaluation.

However, during the meetings held between the board of directors of the legislative chambers and Finance Ministry and BCV representatives, there have been serious doubts among legislators about the possibility of a new balanced budget.

Budget Law Reform

It was learned that together with the new budget draft bill, the executive branch is preparing a new "and deep" reform of the Basic Budget Law, establishing a provision that bans the recalculation of revenues. This recalculation should not be used to increase spending.

A high-ranking legislative source yesterday stressed that the government insists on making the legal error of including in the revenue estimate the sale of shares of the CANTV [National Telephone Company of Venezuela]. These do not belong to the Venezuelan State but to an autonomous agency, such as the Venezuelan Investment Fund.

Venezuelan Workers' Head: No Pact on Benefits Reforms

PA2201044196 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Jan 96

[Report by Jose Vicente Antonetti — passages within quotation marks are recorded]

[FBIS Translated Text] CTV [Venezuelan Workers Confederation] President Federico Ramirez Leon has announced that there is no possibility of reaching a definite agreement on reforms of the social benefits structure, because he believes appropriate conditions do not exist.

Convinced that talks should continue, due to the importance of the topic, in order to reach an agreement to the benefit of all interested parties, mainly the workers, CTV President Federico Ramirez Leon has said that even though there are points of agreement, there are also insurmountable differences that are preventing an agreement on the reforms of the social benefits:

[Ramirez] "That is why no agreement was reached in the tripartite meeting, because the two points on which we do not agree are the principal issues of the discussion. What is being proposed is the elimination of retroactivity, and no one is guaranteeing the workers' job stability and continuity under a different system, nor is there any guarantee on what will happen to their social benefits. We cannot issue a blank check to Congress, the government, or entrepreneurs until these points are clarified."

Democratic Action President Pedro Paris Montesinos has said that they prefer that the CTV representatives be the ones to argue and negotiate the reforms, seeking always to protect workers' interests, both improving their rights as well as reactivating job offers, because the topic is so delicate:

[Paris Montesinos] "Of course, there is concern whether Congress could approve this draft bill, which could change the social benefits structure, during these special sessions. Knowing how Congress works, I believe we are running out of time."

Meanwhile, in Room One of Central Park, representatives of 200 unions who refuse to discuss any reforms of the social benefits have met to decide on actions to defend their interests:

[Fabian Chacon, coordinating attorney for the unions] "Our proposal is for retroactivity on social benefits to be maintained; that is, all seniority payments be calculated based on the last salary.

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[Alfredo Ramos, coordinating attorney for the unions] "We have said that not even in Chile, where the dictatorship imposed a modification of the social benefits system, was it modified in such bad terms as in the case of Venezuela."

Regarding increases in the minimum wage and others, CTV President Federico Ramirez Leon has said these cannot be indefinitely conditioned to social benefit refor as. Thus, they expect a decision by President Rafael Caldera in January; otherwise, they will present a special draft bill to Congress for the increases.

Venezuelan Minister on Border 'Impasse' With Colombia

PA1401234696 Caracas EL NACIONAL in Spanish 9 Jan 96 p A2

[Report by Gioconda Soto]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas yesterday publicly asked that the incidents occurring with Colombia not be blown out of proportion. He said "we are not going to make a mountain out of a molehill" and predicted incidents along the 2,200 km common border will continue to occur in 1996.

Thus, Burelli referred to the most recent border "impasse" with its neighbor that began with a Venezuelan National Guard raid into Colombian territory on 28 December.

Burrelli said this year will be like last year regarding relations with Colombia because of the "hideouts" of guerrilla groups and drug dealers found along the border. Burelli asked for "calm" to prevent "the heat resulting from these incidents from going to our heads."

These incidents "should not be blown out of proportion, because it frequently happens in these areas where the boundary markers are often hidden by mounds or simply disappear that a country's patrol that is pursuing smugglers or guerrilla groups will cross over to the other side of the border a few meters," Burelli said.

The foreign minister said, however, "we have to determine whether it is true that the patrol crossed over further or was in Colombian territory." For this reason, Venezuela and Colombia are carrying out an investigation into the incident in Tibu Municipality, Norte De Santander Department.

Burelli admitted during a news conference that he sent a written apology to the Colombian Government for the accidental incursion into Colombian territory in December. "We have sent a note to the Colombian Government to explain that the necessary disciplinary measures will be taken against the commander of the patrol for not being aware of the patrol possibly crossing over the border, as stated by our Defense Minister from the start," Burelli said.

Burelli said the request for an explanation by Colombia has been satisfied with this exchange. Colombia has been told the National Guard "immediately left the site when the Colombian forces made it known they were possibly in Colombian territory."

Burelli refused to comment about the presumed release of 19 alleged Colombian guerrilla members whom the Venezuelan Armed Forces captured on 30 December.

Burelli said a binational meeting of the border commissions of the countries will be held on 23 February in Bucaramanga in which Burelli and his counterpart, Rodrigo Pardo, Defense Ministers Moises Orozco Graterol and Juan Carlos Esguerra, and the governors of the border areas for the tw parties will participate.

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